

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

In re Winstar Communications, Inc , <i>et al</i> , Debtor	Chapter 7 Bankr Case No 01-01430 (KJC)
Christine C Shubert, Chapter 7 Trustee, Plaintiff-Appellee, v Lucent Technologies Inc , Defendant-Appellant	Civil Action No 06-147 (JJF) Adv Proc No 01-01063 (KJC)

LUCENT TECHNOLOGIES INC 'S APPENDIX—VOLUME II

RICHARDS, LAYTON & FINGER, P A
Daniel J DeFranceschi (DE Bar No 2732)
Paul N Heath (DE Bar No 3704)
One Rodney Square
920 North King Street
Wilmington, DE 19801
(302) 651-7700

CRAVATH, SWAINE & MOORE LLP
Paul C Saunders
Daniel Slifkin
Michael A Paskin
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
(212) 474-1000

WILMER CUTLER PICKERING HALE
AND DORR LLP
Seth P Waxman
Craig Goldblatt
Danielle Spinelli
Michelle Glassman Bock
1875 Pennsylvania Avenue, NW
Washington, D C 20006
(202) 663-6000

- and -

Philip D Anker
James H Millar
399 Park Avenue
New York, NY 10022
(212) 230-8800

Dated May 1, 2006
Wilmington, Delaware

**ROA
TAB
507**

CONFORMED COPY

CREDIT AGREEMENT

Dated as of May 4, 2000

among

WVF-I LLC, as Initial Borrower,

Any Additional Borrowers Party Hereto

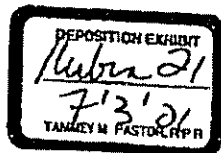
WINSTAR COMMUNICATIONS, INC

The Lenders Party Hereto,

THE BANK OF NEW YORK,
as Collateral Agent

and

LUCENT TECHNOLOGIES INC
as Administrative Agent



[Reference No 7725-064]



TABLE OF CONTENTS

	Page
ARTICLE I Definitions	
SECTION 1 01 Defined Terms	1
SECTION 1 02 Classification of Loans and Borrowings	41
SECTION 1 03 Terms Generally	41
SECTION 1 04 Accounting Terms	42
ARTICLE II The Loans	
SECTION 2 01 Commitments	42
SECTION 2 02 Loans and Borrowings	42
SECTION 2 03 Requests for Borrowings	43
SECTION 2 04 Funding of Borrowings	45
SECTION 2 05 Interest Elections	46
SECTION 2 06 Termination and Reduction of Commitments	48
SECTION 2 07 Repayment of Loans, Evidence of Debt	49
SECTION 2 08 Amortization of Loans	50
SECTION 2 09 Prepayment of Loans	50
SECTION 2 10 Fees	51
SECTION 2 11 Interest	52
SECTION 2 12 Alternate Rate of Interest	53
SECTION 2 13 Increased Costs	53
SECTION 2 14 Break Funding Payments	54
SECTION 2 15 Taxes	55
SECTION 2 16 Payments Generally Pro Rata Treatment Sharing of Set-offs	58
SECTION 2 17 Mitigation Obligations, Replacement of Lenders	60
SECTION 2 18 Refinancing Requirement	61
SECTION 2 19 Conversion Notes	63
SECTION 2 20 Replacement Borrowers	64
SECTION 2 21 Borrower Payment Allocations	66
SECTION 2 22 Mandatory Assignment of Loans	67
ARTICLE III Representations and Warranties	
SECTION 3 01 Corporate Organization and Power	69
SECTION 3 02 Subsidiaries	69
SECTION 3 03 Corporate Authority	69
SECTION 3 04 Binding Obligation	70
SECTION 3 05 Litigation Labor Controversies	70
SECTION 3 06 Governmental Approvals No Conflicts	70
SECTION 3 07 Financial Condition	71
SECTION 3 08 Taxes	71
SECTION 3 09 Margin Regulations, Margin Stock	72
SECTION 3 10 Compliance with ERISA	72
SECTION 3 11 Investment Company and Holding Company Status	73
SECTION 3 12 Properties and Licenses	73

SECTION 3 13	Telecommunications Business and Telecommunications Licenses 73	
SECTION 3 14	Investments	74
SECTION 3 15	Compliance with Laws and Charter Documents	74
SECTION 3 16	Environmental Protection	75
SECTION 3 17	Insurance	76
SECTION 3 18	Compliance with Agreements	76
SECTION 3 19	Full Disclosure	76
SECTION 3 20	Supply Agreement	76
SECTION 3 21	Security Documents	77

ARTICLE IV Conditions

SECTION 4 01	Effective Date	77
SECTION 4 02	First Borrowing	79
SECTION 4 03	Each Borrowing	81
SECTION 4 04	Replacement Borrower	81
SECTION 4 05	Released Borrower	84

ARTICLE V Affirmative Covenants

SECTION 5 01	Financial Statements Compliance Certificates	84
SECTION 5 02	Corporate Existence	86
SECTION 5 03	Conduct of Business	86
SECTION 5 04	Taxes	86
SECTION 5 05	Insurance	87
SECTION 5 06	Inspection	87
SECTION 5 07	Maintenance of Records	87
SECTION 5 08	Maintenance of Property	88
SECTION 5 09	ERISA	88
SECTION 5 10	Notice of Adverse Developments	89
SECTION 5 11	Environmental Matters	90
SECTION 5 12	Interest Rate Protection	90
SECTION 5 13	Measurement Date	90
SECTION 5 14	Information Regarding Collateral	91
SECTION 5 15	Casualty and Condemnation	92
SECTION 5 16	Temporary Restricted Subsidiaries	93
SECTION 5 17	Leasing of Collateral	93

ARTICLE VI Negative Covenants

SECTION 6 01	Limitation on Indebtedness	93
SECTION 6 02	Limitations on Mergers, Consolidations and Sales of Assets	98
SECTION 6 03	Limitations on Liens	99
SECTION 6 04	Investments, Acquisitions Loans Advances and Guaranties	102
SECTION 6 05	Dividends, Purchase of Stock	108
SECTION 6 06	Use of Proceeds	110
SECTION 6 07	Phase 1 Financial Covenants	110
SECTION 6 08	Phase 2 Financial Covenants	113

SECTION 6 09	Consolidated Senior Debt to Consolidated Annualized EBITDA	115
SECTION 6 10	EBITDA to Consolidated Debt Service	116
SECTION 6 11	Certain Prepayments of Indebtedness	116
SECTION 6 12	Amount of Bank Facilities	116
SECTION 6 13	Use of Collateral	117
SECTION 6 14	Activities of Borrower	120

ARTICLE VII Events of Default

ARTICLE VIII The Agents

ARTICLE IX Miscellaneous

SECTION 9 01	Notices	126
SECTION 9 02	Waivers Amendments	127
SECTION 9 03	Expenses, Indemnity, Damage Waiver	128
SECTION 9 04	Successors and Assigns	130
SECTION 9 05	Survival	133
SECTION 9 06	Counterparts Integration, Effectiveness	134
SECTION 9 07	Severability	134
SECTION 9 08	Right of Setoff	134
SECTION 9 09	Governing Law, Jurisdiction, Consent to Service of Process	135
SECTION 9 10	WAIVER OF JURY TRIAL	136
SECTION 9 11	Headings	136
SECTION 9 12	Confidentiality	136
SECTION 9 13	Interest Rate Limitation	137

ARTICLE X Subsidiaries

SECTION 10 01	Restricted Subsidiaries	137
SECTION 10 02	Principal Subsidiaries	140
SECTION 10 03	Designated Foreign Subsidiaries	141
SECTION 10 04	Temporary Restricted Subsidiaries	142
SECTION 10 05	Administrative Agent Duties	142
SECTION 10 06	Additional Subsidiaries	142
SECTION 10 07	Designation of Subsidiaries Under Bank Credit Agreement	142
SECTION 10 08	Conversions Upon Prepayment	142

Contents, p 4

4

[REDACTED 10/17/05 1 44:58:00 04/14/05 5 50p]

()

Contents, p 5

5

I

)

Contents, p 6

6

EXHIBITS

Exhibit A -- Form of Assignment and Acceptance
Exhibit B -- Form of Conversion Agreement
Exhibit C -- Form of Conversion Indenture
Exhibit D -- Form of Equipment Owner Agreement
Exhibit E -- Form of Equipment User Agreement
Exhibit F -- Form of Guarantee Agreement
Exhibit G -- Form of Perfection Certificate
Exhibit H -- Form of Pledge Agreement
Exhibit I -- Form of U S Security Agreement
Exhibit J -- Form of Compliance Certificate

SCHEDULES

Schedule 2 01 - Commitments
Schedule 3 02 - Subsidiaries
Schedule 3 05A - Litigation
Schedule 3 05B - Labor Controversies
Schedule 3 07 - Material Adverse Changes
Schedule 3 13A - Telecommunications Licenses
Schedule 3 13B - Adverse Events Affecting Licenses
Schedule 3 14 - Investments
Schedule 4 01 - Post-Restructuring Parent Subsidiaries
Schedule 6 01 - Existing Indebtedness
Schedule 6 03 - Existing Liens
Schedule 6 13 - Customer Premises Collateral

CREDIT AGREEMENT dated as of May 4, 2000, among WVF-I LLC a Delaware limited liability company, as Initial Borrower, any additional Borrowers party hereto WINSTAR COMMUNICATIONS, INC , a Delaware corporation, the LENDERS party hereto, THE BANK OF NEW YORK, as Collateral Agent, and LUCENT TECHNOLOGIES INC , as Administrative Agent

The parties hereto agree as follows

ARTICLE I

Definitions

SECTION 1 01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate

"Acquired Indebtedness" means Indebtedness of any Person outstanding on the date on which such Person is acquired, by merger or otherwise (other than Indebtedness Incurred in connection with or to provide all or any portion of the funds or credit support utilized to consummate the transaction or series of transactions pursuant to which such Person was acquired)

"Adjusted Gross PP&E" means gross property, plant and equipment of the Consolidated Group on a consolidated basis less (i) the Loans then outstanding, (ii) Non-Fiber Capital Lease Obligations for the Consolidated Group on a consolidated basis and (iii) the gross property, plant and equipment of the Principal Subsidiaries and Designated Foreign Subsidiaries on a consolidated basis to the extent that such gross property plant and equipment exceeds 10% of the gross property, plant and equipment of the Consolidated Group on a consolidated basis

"Adjusted LIBO Rate" means, with respect to any LIBOR Borrowing for any Interest Period an interest rate per annum (rounded upwards if necessary to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate

"Administrative Agent" means Lucent, in its capacity as administrative agent for the Lenders hereunder

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent

"Affiliate" of any specified Person means

(i) any other Person directly or indirectly,
controlling or controlled by or

(ii) under direct or indirect common control with

such specified Person For the purposes of this definition,
"control" when used with respect to any Person means the
power to direct the management and policies of such Person
directly or indirectly whether through the ownership of
Voting Stock by contract or otherwise and the terms
"controlling" and "controlled" have the meaning correlative
to the foregoing

"Affiliated Equipment User" means any Equipment
User that is an Affiliate of the Parent (including any
Restricted Subsidiary) or with which the Parent or a
Restricted Subsidiary has entered into an agreement to
provide management or operating services

"Agents" means the Administrative Agent and the
Collateral Agent

"Alternate Base Rate" means for any day, a rate
per annum equal to the greater of (a) the Prime Rate in
effect on such day and (b) the Federal Funds Effective Rate
in effect on such day plus $\frac{1}{2}$ of 1% Any change in the
Alternate Base Rate due to a change in the Prime Rate or the
Federal Funds Effective Rate shall be effective from and
including the effective date of such change in the Prime
Rate or the Federal Funds Effective Rate respectively

"Applicable Margin" means for any day, (a) with
respect to any ABR Loan, a rate per annum equal to 3.75%
prior to October 1, 2000, or 2.75% on and after October 1,
2000 or (b) with respect to any LIBOR Loan, a rate per
annum equal to 4.75% prior to October 1, 2000 or 3.75% on
and after October 1, 2000, provided that the "Applicable
Margin" will be increased during any Refinancing Period in
accordance with Section 2.18

"Assignment and Acceptance" means an assignment
and acceptance entered into by a Lender and an assignee
(with the consent of the Borrowers and Administrative Agent
if required by Section 9.04) and accepted by the
Administrative Agent in the form of Exhibit A or any other
form approved by the Administrative Agent

"Availability Period" means the period from and
including the Effective Date to but excluding the earlier of

the Availability Termination Date and the date of termination of the Commitments

"Availability Termination Date" means December 31, 2004

"Available Commitment" means, with respect to each Lender its Commitment provided that the aggregate "Available Commitments" of the Lucent Lenders shall not at any time exceed the excess, if any, of \$1,000,000,000 over the aggregate principal amount of outstanding Lucent Loans and Lucent Conversion Notes at such time. At any time when there is more than one Lucent Lender with a Commitment and the "Available Commitments" of the Lucent Lenders are limited as a result of the foregoing proviso, the aggregate "Available Commitments" of the Lucent Lenders may be allocated between the Lucent Lenders as agreed between such Lucent Lenders. For purposes of this definition, if a Lender that is not a Lucent Lender has a Commitment that, when funded would result in a Lucent Loan then such Lender shall be deemed to be a Lucent Lender solely for purposes of determining the extent to which such Commitment is an Available Commitment.

"Average Life" means, as of the date of determination, with respect to any Indebtedness the quotient obtained by dividing

(i) the sum of the products of numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(ii) the sum of all such payments

"Bank Agent" means The Bank of New York in its capacity as administrative agent under the Bank Credit Agreement

"Bank Borrower" means WCI Capital Corp a Delaware corporation

"Bank Collateral" means any and all "Collateral", as defined in the Bank Credit Agreement

"Bank Credit Agreement" means the Revolving Credit and Term Loan Agreement dated as of May 4, 2000 among the Parent, the Bank Borrower, the Bank Lenders, the Bank Agent and Bank L/C Issuer, the guarantors party thereto, Citicorp North America Inc as syndication agent, and CIBC World

Markets Corp and Credit Suisse First Boston, as documentation agents thereunder

"Bank Credit Documents" means the Bank Credit Agreement and the other "Credit Documents", as defined in the Bank Credit Agreement

"Bank L/C Issuer" means any bank that is an issuer of letters of credit under the Bank Credit Agreement

"Bank Lenders" means, collectively, the "Lenders", as defined in the Bank Credit Agreement

"Bank Loan Parties" means the Parent, the Bank Borrower and the Restricted Subsidiaries

"Bank Loans" means any loans made pursuant to the Bank Credit Agreement

"Board" means the Board of Governors of the Federal Reserve System of the United States of America

"Board of Directors" of any Person means the Board of Directors of such Person or any committee thereof duly authorized to act on behalf of such Board of Directors

"Bond Notes" means notes issued pursuant to the Bond Notes Offering

"Bond Notes Offering" means the issuance of notes on April 10 2000, by the Parent

"Borrowers" means the Initial Borrower and any Replacement Borrowers, but excluding any Released Borrowers

"Borrowing" means a Loan or group of Loans of the same Type, made, converted or continued on the same date and, in the case of LIBOR Loans, as to which a single Interest Period is in effect

"Borrowing Request" means a request by the Designated Borrower for a Borrowing in accordance with Section 2.03

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed provided that when used in connection with a LIBOR Loan the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market

"Capital Lease Obligation" means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty

"Capital Stock" of any Person means any and all shares, interests rights to purchase, warrants, options participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock but excluding any debt securities convertible into such equity

"Cash Capital Expenditures" means capital expenditures of the Consolidated Group on a consolidated basis including, without duplication, the acquisition of licenses for radio spectrum for cash (less additions to Capital Lease Obligations from Fiber Capital Lease Obligations) plus cash payments made with respect to Fiber Capital Lease Obligations, excluding (i) expenditures of Net Available Cash reinvested in Telecommunications Assets as provided in Section 2.06(c)(iii) of the Bank Credit Agreement, (ii) expenditures of net proceeds from casualty and condemnation reinvested in Telecommunications Assets as provided in Section 2.06(c)(ii) of the Bank Credit Agreement and (iii) capital expenditures resulting from the swap or exchange of existing Telecommunications Assets for other Telecommunications Assets

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or for purposes of Section 2.13(b), by any lending office of such Lender or by such Lender's holding company if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement

"Change of Control" means the occurrence of any of the following events

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1) any such person shall be deemed to have "beneficial ownership" of all shares that any person has the right to acquire whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Parent, provided, however, that the Permitted Holders beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) directly or indirectly in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Parent than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Parent (for the purposes of this clause (1) such other person shall be deemed beneficially to own any Voting Stock of a Person (the "specified person") held by any other Person (the "parent entity"), if such other person is the beneficial owner (as defined above in this clause (1)), directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Holders beneficially own (as defined in this proviso) directly or indirectly in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent entity),

(ii) individuals who on the Effective Date constituted the Board of Directors of the Parent (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Parent was approved by a vote of 66-2/3% of the directors of the Parent then still in office who were either directors on the Effective Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Parent then in office

(iii) the adoption of a plan relating to the liquidation or dissolution of the Parent, or

(iv) the merger or consolidation of the Parent with or into another Person or the merger of another Person with or into the Parent, or the sale of all or substantially all the assets of the Parent (determined on a consolidated basis) to another Person (other than, in all such cases, a Person that is controlled by the Permitted Holders), other than a transaction following which in the case of a merger or consolidation transaction, securities that represented 100% of the Voting Stock of the Parent immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) constitute at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction

"Code" means the Internal Revenue Code of 1986 as amended from time to time

"Collateral" means any and all "Collateral", as defined in the Security Agreements

"Collateral Agent" means The Bank of New York in its capacity as collateral agent for the Secured Parties (as defined in the Security Documents) under the Security Documents

"Collateral Cost" means with respect to any property or asset the Purchase Price attributable to such property or asset, determined by reference to Lucent's invoice therefor disregarding amounts attributable to installation and related services other intangibles and sales taxes

"Collateral Prepayment Amount" means with respect to any Collateral Trigger Event an amount equal to the product of (a) the sum of the aggregate principal amount of the Loans outstanding at the time, multiplied by (b) a fraction the numerator of which shall be the total Collateral Cost of the properties or assets that are the subject of the applicable Collateral Trigger Event, and the denominator of which shall be the total Collateral Cost of all properties and assets constituting Collateral immediately prior to such Collateral Trigger Event provided that if a Collateral Trigger Event described in clause (b) of the definition of "Collateral Trigger Event" occurs and if the applicable Borrower has replaced the affected

property or asset as contemplated by the proviso to the definition of "Collateral Trigger Event" but the replacement property or assets do not have a value equivalent to or greater than the property or asset that was the subject of such Collateral Trigger Event (determined immediately prior to giving effect to the applicable event), then the "Collateral Prepayment Amount" in respect of such Collateral Trigger Event shall be reduced by an amount equal to the Collateral Cost of the replacement property or assets

"Collateral Trigger Event" means

(a) any direct or indirect sale or transfer (including pursuant to a sale and leaseback transaction) of any property or asset constituting Collateral, except any such sale or transfer to a Foreign Subsidiary permitted pursuant to Section 6.13 (but any such sale or transfer by a Foreign Subsidiary Equipment Owner of Collateral acquired by it shall constitute a Collateral Trigger Event) or

(b) any casualty or other damage to or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset constituting Collateral

and the aggregate Collateral Cost of all properties and assets affected by any such events described in clause (a) or (b) above (other than those events as to which a prepayment has been made pursuant to Section 2.09(c) or in the case of events described in clause (b) above, as to which the affected properties or assets have been repaired, restored or replaced in accordance with the requirements set forth below) exceeds the Collateral Trigger Threshold at the time, provided that an event referred to in clause (b) above shall not constitute a "Collateral Trigger Event" if (i) the applicable Borrower elects by notice to the Administrative Agent, to repair, restore or replace the affected property or asset as promptly as practicable but in any event within 180 days (or, if it is not reasonably practicable to do so within 180 days, then 360 days), after the Collateral Trigger Threshold is reached in accordance with the requirements of this proviso, (ii) all Net Proceeds from such event are deposited with the Collateral Agent to be held as cash collateral pursuant to the applicable Security Agreement, subject to release to pay the costs of such repair, restoration, replacement or purchase as and when due (iii) the applicable Borrower promptly commences and diligently pursues such repair restoration or replacement and (iv) in the case of a replacement, each property or

asset acquired pursuant to such replacement (A) is acquired by the applicable Borrower pursuant to the Supply Agreement (if the Supply Agreement is in effect at the time and the property or asset that was the subject of the applicable event was Lucent Product), (B) has a value equivalent to or greater than the property or asset that was the subject of the applicable event (determined immediately prior to giving effect to the applicable event), (C) becomes Collateral effective upon such replacement free and clear of all Liens (other than the Lien of the applicable Security Agreement) and (D) is not financed with any Borrowings hereunder (unless the applicable Borrower is the Designated Borrower, and then only to the extent the purchase price thereof exceeds the greater of (i) the Collateral Cost of the property or asset subject to such event and (ii) the Net Proceeds of such event) provided further that, if at the expiration of the 180-day (or if applicable 360-day) period commencing on any date that the Collateral Trigger Threshold is reached the applicable Borrower has not substantially completed the repair restoration or replacement of the affected property or asset in accordance with all the requirements of the foregoing proviso then a "Collateral Trigger Event" shall be deemed to have occurred at the expiration of such 180-day (or, if applicable 360-day) period. If an event referred to in clause (b) above occurs with respect to any Collateral owned by a Foreign Subsidiary Equipment Owner, then the applicable Borrower may satisfy the requirements of the foregoing proviso by causing the applicable Foreign Subsidiary Equipment Owner to repair restore or replace the affected property or asset as provided above but any such replacement shall not be financed with any Borrowings hereunder.

"Collateral Trigger Threshold" means at any time, an amount equal to the greater of \$10 000 000 or 5 0% of the total Collateral Cost of all properties and assets constituting Collateral at the time.

"Commitment" means with respect to each Lender, the commitment, if any, of such Lender to make Loans hereunder during the Availability Period expressed as an amount representing the maximum principal amount of the Loans to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.06 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable. The

initial aggregate amount of the Lenders' Commitments is
\$2 000 000 000

"Communications Act" means the Communications Act
of 1934, as amended

"Consolidated Annualized EBITDA" means with
respect to any determination date the product of EBITDA for
the most recent full fiscal quarter ending on or prior to
such date multiplied by four (4), provided that, for
purposes of determining compliance with conditions to any
Consolidated Group Member's ability to Incur Indebtedness on
any day Consolidated Annualized EBITDA shall be calculated
for any period based on the product of EBITDA for the period
ending on the most recent fiscal quarter end prior to such
day for which financial statements have been delivered
pursuant to Section 5.01 multiplied by four (4)

"Consolidated Debt Service" means for any period
Consolidated Interest Expense for such period plus regularly
scheduled principal payments on Indebtedness (excluding any
such payments on Fiber Capital Lease Obligations) of the
Consolidated Group on a consolidated basis for such period

"Consolidated Group" means the Bank Loan Parties
Principal Subsidiaries, the Borrowers and their
Subsidiaries, Vendor Financing Obligors and Designated
Foreign Subsidiaries

"Consolidated Group Member" means any Person
included in the Consolidated Group

"Consolidated Interest Expense" means for any
period the interest expense of the Consolidated Group on a
consolidated basis for such period whether paid or accrued
with respect to all outstanding Indebtedness other than
Fiber Capital Lease Obligations including all discounts and
other fees and charges owed with respect to letter of credit
and bankers' acceptance financing and net costs and amounts
payable to or payable by a Consolidated Group Member under
Hedging Obligations less any interest expense for such
period not required to be paid in cash

"Consolidated Net Income" means the net income (or loss) of the Consolidated Group on a consolidated basis for the relevant period for which financial statements have most recently been delivered, provided however, that there shall not be included in such Consolidated Net Income

(i) any gain (or loss) realized upon the sale or other disposition of any assets of a Consolidated Group Member or any other Person (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realized upon the sale or other disposition of any Capital Stock of any Person or

(ii) extraordinary gains or losses

For the purposes of this definition Consolidated Net Income (i) includes the net income (or loss) of any Person acquired by a Consolidated Group Member beginning as of the first day of the fiscal quarter during which such Person is acquired and (ii) excludes the net income (or loss) of any Person divested by a Consolidated Group Member beginning as of the first day of the fiscal quarter during which such Person is divested

"Consolidated Revenue" means for any period the revenue of the Consolidated Group on a consolidated basis for such period provided however that there shall not be included in such Consolidated Revenue the revenue of the Principal Subsidiaries and Designated Foreign Subsidiaries on a consolidated basis (after eliminating intercompany transactions among the Consolidated Group Members) to the extent that such revenue exceeds 10% of the revenue of the Consolidated Group on a consolidated basis

"Consolidated Senior Debt" means, as of any date of determination, Indebtedness (excluding Hedging Obligations and Fiber Capital Lease Obligations) of the Consolidated Subsidiary Group on a consolidated basis less aggregate cash balances (to the extent that such cash balances are pledged to the Bank Lenders and Bank L/C Issuer under the Bank Credit Documents) held by the Consolidated Group in excess of \$50,000,000, in each case as of such date. On any Measurement Date, Consolidated Senior Debt shall be calculated including the amount stated in the Borrowing Request, if applicable

"Consolidated Senior Secured Debt" means, as of any date of determination Indebtedness (excluding Hedging Obligations) under the Bank Credit Agreement of the

Consolidated Group less aggregate cash balances (to the extent that such cash balances are pledged to the Bank Lenders and Bank L/C Issuer under the Bank Credit Documents) held by the Consolidated Group in excess of \$50,000,000, in each case as of such date

"Consolidated Subsidiary Group" means the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries, the Vendor Financing Obligors, the Borrowers and their Subsidiaries and Designated Foreign Subsidiaries

"Consolidated Subsidiary Group Member" means any Person included in the Consolidated Subsidiary Group

"Consolidated Total Capitalization" means, as of any date of determination, the sum of (i) Consolidated Total Debt and (ii) total equity (including Preferred Stock which includes, without duplication, the Series D Preferred Stock, but excluding Disqualified Stock) and excluding cumulative losses and negative retained earnings of the Consolidated Group on a consolidated basis

"Consolidated Total Debt" means, as of any date of determination, Indebtedness (excluding Hedging Obligations and Fiber Capital Lease Obligations) of the Consolidated Group on a consolidated basis less aggregate cash balances (to the extent that such cash balances are pledged to the Bank Lenders and Bank L/C Issuer under the Bank Credit Documents) held by the Consolidated Group in excess of \$50,000,000 in each case as of such date. On any Measurement Date, Consolidated Total Debt shall be calculated including the amount stated in the Borrowing Request if applicable

"Contractual Obligation" means as to any Person any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its Property is bound

"Conversion Agreement" means the Conversion Agreement between the Parent and Lucent substantially in the form of Exhibit B

"Conversion Certificate" has the meaning assigned to such term in the Conversion Indenture

"Conversion Indenture" means an indenture between the Parent as issuer, and the Conversion Trustee substantially in the form of Exhibit C

"Conversion Notes" means senior notes issued or to be issued by the Parent pursuant to the Conversion Indenture upon the conversion of any Lucent Loans in accordance with Section 2 19 and the Conversion Indenture

"Conversion Trustee" means United States Trust Company of New York as trustee under the Conversion Indenture

"Converting Restricted Subsidiary" has the meaning assigned to such term in Section 10 01

"Currency Agreement" means in respect of a Person any foreign exchange contract currency swap agreement or other similar agreement designed to protect such Person against fluctuations in currency values

"Data Center Equipment Financing" means Purchase Money Indebtedness provided by an Equipment Vendor Lender and Incurred for the purpose of financing not more than 100% of the Vendor Equipment Price of telecommunications, data transmission or computer equipment, provided that, such equipment is (1) manufactured by such Equipment Vendor Lender or another single Equipment Vendor (2) used to provide data transmission, data storage or hosting services, or services directly related to any such services and (3) installed in a central office or data center facility owned or operated by a Consolidated Subsidiary Group Member

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would unless cured or waived, become an Event of Default

"Designated Borrower" means at any time, the Borrower hereunder at such time that is entitled to borrow Loans under Section 2 01 At any time, there shall be only one Designated Borrower hereunder Initially the Designated Borrower shall be the Initial Borrower Upon any Replacement Borrower becoming a Borrower hereunder such Replacement Borrower shall become the Designated Borrower hereunder and shall replace the previous Designated Borrower in such capacity as provided in Section 2 20

"Designated Foreign Subsidiaries" means the Subsidiaries of the Bank Borrower listed as Designated Foreign Subsidiaries on Schedule 3 02 as of the Effective Date plus Subsidiaries of the Bank Borrower designated as Designated Foreign Subsidiaries pursuant to Section 10 03(b) but excluding Subsidiaries removed as Designated Foreign Subsidiaries pursuant to Sections 10 03(c) and (d)

"Disqualified Stock" means, with respect to any Person, any Capital Stock other than Series D Preferred Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event

(i) matures or is mandatorily redeemable (other than for Capital Stock that is not Disqualified Stock) pursuant to a sinking fund obligation or otherwise,

(ii) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock or

(iii) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise in whole or in part

in each case on or prior to the first anniversary after the latest Stated Maturity of the Loans and the Bank Loans, provided however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary after the latest Stated Maturity of the Loans and the Bank Loans shall not constitute Disqualified Stock if

(A) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than one of the following (1) the "asset sale" terms applicable to the Bank Loans and described in Section 2.06(c)(iii) of the Bank Credit Agreement, (2) the "change of control" terms applicable to the Loans and described herein or (3) the then prevailing market terms for comparable Capital Stock generally and reasonably acceptable to the Administrative Agent, such acceptance not to be unreasonably withheld or delayed, and

(B) any such provision only becomes operative after prepayment of all outstanding Loans and termination of the Commitments

"dollars" or "\$" refers to lawful money of the United States of America

"EBITDA" for any period means for the Consolidated Group on a consolidated basis (x) Consolidated Net Income, minus (y) interest income and gains from discontinued operations to the extent included in calculating such Consolidated Net Income plus (z) the following to the extent deducted in calculating such Consolidated Net Income

(i) all income tax expense

(ii) interest expense of the Consolidated Group on a consolidated basis whether paid or accrued, with respect to all outstanding indebtedness, including all discounts and other fees and charges owed with respect to letter of credit and bankers' acceptance financing and net costs and amounts payable to or payable by a Consolidated Group Member under Hedging Obligations,

(iii) depreciation and amortization expense (excluding amortization expense attributable to a prepaid operating activity item that was paid in cash in a prior period)

(iv) all other non-cash charges (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period)

(v) Preferred Stock dividends, and

(vi) losses from discontinued operations,

provided however, that there shall not be included in EBITDA the EBITDA attributable to the Principal Subsidiaries and Designated Foreign Subsidiaries on a consolidated basis (after eliminating intercompany transactions among Consolidated Group Members) to the extent that such EBITDA exceeds 10% of the EBITDA of the Consolidated Group on a consolidated basis

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02)

"Eligible Assignee" means (a) any commercial bank or other financial institution (including any credit corporation, finance company or insurance company) that either (i) has total assets in excess of \$1,000,000,000, (ii) has combined capital and surplus and undivided profits in excess of \$250,000,000, (iii) has long-term indebtedness rated A- or better by S&P or A3 or better by Moody's or commercial paper having one of the two highest credit

ratings obtainable from S&P or Moody's, or (iv) has an Affiliate that satisfies any of the criteria described in the foregoing clause (i), (ii) and (iii) or (b) any fund (whether formed as a corporation, partnership, trust or other entity) that is regularly engaged in making, purchasing or investing in loans or securities (other than a fund that primarily purchases and invests in loans or securities of distressed borrowers and issuers, unless the fund manager thereof satisfies any of the criteria described in clause (a) above) and that has total assets (together with any other funds managed by the same fund manager) in excess of \$1 000 000 000, provided that if the determination of whether a Person is an "Eligible Assignee" is being made in the context of an assignment of a Commitment, then, for purposes of clause (a)(iv) above, a Person shall be deemed not to be an "Affiliate" of another Person unless they are part of the same consolidated group

"Eligible Equipment and Services" means equipment other products and services purchased pursuant to the Supply Agreement

"Environmental Claim" means any claim, demand notice of violation suit, administrative or judicial proceeding regulatory action investigation information request or order, in each case in writing involving any Hazardous Substance, Environmental Law, noise or odor pollution or any environmental injury or threat of environmental injury to human health property or the environment

"Environmental Law" means any federal state local or foreign statute or common law, regulation, order, decree common law or agency requirement as now in effect or hereinafter adopted relating to (i) the handling, use, presence, disposal or release of any Hazardous Substance or (ii) the protection, preservation or restoration of the environment, natural resources or human health or safety as it relates to a Hazardous Substance

"Equipment Owner Agreement" means an agreement among a Borrower the Administrative Agent, the Collateral Agent and one or more Foreign Subsidiary Equipment Owners substantially in the form of Exhibit D

"Equipment User" has the meaning assigned to such term in Section 6.13

"Equipment User Agreement" means an agreement among a Borrower the Administrative Agent the Collateral

Agent and one or more Equipment Users, substantially in the form of Exhibit B

"Equipment Vendor" means a Person that manufactures equipment that is a Telecommunications Asset and any Affiliate of such Person

"Equipment Vendor Lender" means an Equipment Vendor, provided that if an Equipment Vendor does not in the ordinary course of its business provide vendor financing to purchasers of its products and services, "Equipment Vendor Lender" shall mean a Person, not an Affiliate of such Equipment Vendor that in the ordinary course of its business provides financing for equipment (including related items utilized in connection therewith) manufactured, utilized, sold or distributed by Equipment Vendors

"Equity Clawback Prepayment" has the meaning assigned to such term in Section 6.05

"ERISA" means the Employee Retirement Income Security Act of 1974 as amended from time to time

"ERISA Group" means the Parent and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Parent are treated as a single employer under Section 414 of the Code or are considered to be one employer under Section 4001 of ERISA

"Event of Default" has the meaning assigned to such term in Article VII

"Exchange Act" means the Securities Exchange Act of 1934 as amended

"Excluded Taxes" means, with respect to either Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) all taxes (including, without limitation, branch profits taxes) imposed on or measured by the net income or any franchise taxes taxes on doing business or taxes measured by capital or net worth, in each case imposed as a result of a present, former or future connection between an Agent, a Lender or any other recipient, as the case may be and the jurisdiction of the relevant authority imposing the tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Agent such Lender or such other recipient having executed, delivered or performed its obligations or received a payment under or enforced, this

Agreement or any Loan Document) and (b) in the case of a Foreign Lender (other than an assignee pursuant to a request by any Borrower under Section 2 17(b)) any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Sections 2 15(e) or (f), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from any Borrower with respect to such withholding tax pursuant to Section 2 15(a)

"Exempt Assignment" means an assignment to an Eligible Assignee that pursuant to the terms of such assignment restricts the rights of such assignee with respect to the approval of any amendment modification or waiver of any provisions of the Loan Documents to rights that may be granted to a Participant in accordance with Section 9 04(e)

"Existing Credit Agreement" means the Credit Agreement dated as of October 21, 1988, as amended, among Winstar Network Expansion, LLC, the Parent the lenders party thereto, State Street Bank and Trust Company, as collateral agent and The Bank of New York (as successor to Lucent) as administrative agent thereunder

"Fair Market Value" means (i) with respect to cash, the actual amount thereof (ii) with respect to Marketable Securities, the closing price of such Marketable Securities as of the end of the trading day immediately preceding the date of determination on the exchange on which such Marketable Securities are principally traded and (iii) with respect to any Property other than cash or Marketable Securities the price that could reasonably be expected to be negotiated in an arm's-length free market transaction for cash between a willing seller and a willing buyer neither of whom is under pressure or compulsion to complete the transaction Unless otherwise specified with respect to any Property (other than cash or Marketable Securities) (x) in the case of items with a Fair Market Value in excess of \$1 0 million but less than or equal to \$100 0 million, Fair Market Value shall be determined by the chief financial officer or treasurer of the Parent acting in good faith and, if such Fair Market Value is in excess of \$5 0 million shall be evidenced by an Officer's Certificate and (y) in the case of items with a Fair Market Value in excess of \$100 0 million, Fair Market Value shall be determined by the Board of Directors of the Parent acting

in good faith and shall be evidenced by a resolution of the Board of Directors of the Parent

"FCC" means the Federal Communications Commission (or any successor Governmental Authority)

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York or, if such rate is not so published for any day that is a Business Day the average (rounded upwards, if necessary to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it

"Fiber Capital Lease Obligations" means Capital Lease Obligations related to the indefeasible rights of use or similar arrangements for use of fiber optic cable or fiber optic cable transmission capacity

"Financed Foreign Subsidiary Assets" means any assets acquired by a Foreign Subsidiary Equipment Owner as contemplated by Section 6 13(d) to the extent that such assets would constitute "Collateral" (as defined in the U S Security Agreement) if acquired directly by any Borrower

"Financial Officer" means with respect to any Person the chief financial officer, principal accounting officer, treasurer or controller of such Person

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than the United States of America any State thereof or the District of Columbia

"Foreign Subsidiary" means any Subsidiary of the Bank Borrower formed under the laws of any jurisdiction outside of the United States of America

"Foreign Subsidiary Equipment Owner" means any Foreign Subsidiary that has purchased any Financed Foreign Subsidiary Assets or to which any Collateral has been sold or transferred in each case in accordance with Section 6 13

"Foreign Subsidiary Security Agreement" means any security agreement, mortgage or other document between a Foreign Subsidiary Equipment Owner and the Collateral Agent (or any sub-agent of the Collateral Agent appointed by the Collateral Agent, with the approval of the Administrative Agent, to act on its behalf thereunder) pursuant to which such Foreign Subsidiary Equipment Owner shall grant a Lien on any Financed Foreign Subsidiary Assets acquired by it to secure the Obligations. Each Foreign Subsidiary Security Agreement shall include provisions substantially the same as those included in the U S Security Agreement (modified in a manner reasonably satisfactory to the Administrative Agent to reflect any requirements of applicable law in the jurisdiction where such Financed Foreign Subsidiary Assets are to be located or recommendations of any local counsel in such jurisdiction engaged by the Administrative Agent) and otherwise shall be reasonably satisfactory in form and substance to the Administrative Agent.

"Fronting Commitment" means a Commitment that is assigned by a Lucent Lender pursuant to an Assignment and Acceptance designating the assigned Commitment as a "Fronting Commitment."

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Effective Date including those set forth in

(i) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(ii) statements and pronouncements of the Financial Accounting Standards Board,

(iii) such other statements by such other entity as approved by a significant segment of the accounting profession and

(iv) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC

"Governmental Authority" means the government of the United States of America any other nation or any political subdivision thereof, whether state or local, and any agency authority, instrumentality, regulatory body

court, central bank or other entity exercising executive, legislative, judicial, taxing regulatory or administrative powers or functions of or pertaining to government

"Guarantee" means any obligation, contingent or otherwise of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such first Person to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well to purchase assets, goods, securities or services entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part)), provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning

"Guarantee Agreement" means the Guarantee Agreement among the Guarantors and the Administrative Agent, substantially in the form of Exhibit F

"Guarantors" means the Parent and the Bank Borrower

"Hazardous Substance" means any substance, in any concentration or mixture, that is (i) listed classified or regulated pursuant to any Environmental Law (ii) petroleum product or by-product asbestos containing material, polychlorinated biphenyls radioactive material or radon or (iii) any waste or other substance regulated in connection with any Environmental Law

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement

"Incur" means issue, assume Guarantee, incur or otherwise become liable for provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary (whether by merger, consolidation acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary Principal Subsidiary or Designated Foreign Subsidiary (except in the case a Principal Subsidiary becomes a Restricted Subsidiary or a Designated Foreign Subsidiary or a Restricted Subsidiary becomes a

Principal Subsidiary or a Designated Foreign Subsidiary or a Designated Foreign Subsidiary becomes a Restricted Subsidiary or a Principal Subsidiary) The term "Incurrence" when used as a noun shall have a correlative meaning The accretion of principal of a non-interest bearing or other discount security shall not be deemed the Incurrence of Indebtedness

"Indebtedness" means, with respect to any Person, (i) all obligations of such Person for borrowed money or for the deferred purchase price of property or services (including all obligations, contingent or otherwise, of such Person in connection with letters of credit, bankers' acceptances Hedging Obligations or other similar instruments) other than indebtedness to trade creditors and service providers Incurred in the ordinary course of business and payable on usual and customary terms (ii) all obligations of such Person evidenced by bonds, notes debentures or other similar instruments (iii) all payment obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the remedies available to the seller or lender under such agreement are limited to repossession or sale of such property), (iv) all Capital Lease Obligations of such Person, (v) all obligations of the types described in clauses (i) (ii) (iii) or (iv) above secured by (or for which the obligee has an existing right contingent or otherwise, to be secured by) any Lien upon or in any property (including accounts contract rights and other intangibles) owned by such Person even though such Person has not assumed or become liable for the payment of such Indebtedness (vi) all Disqualified Stock (vii) all Indebtedness of others Guaranteed by such Person and (viii) all Indebtedness of any partnership of which such Person is a general partner

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability upon the occurrence of the contingency giving rise to the obligation of any contingent obligations at such date

"Indemnified Taxes" means Taxes other than Excluded Taxes and Other Taxes

"Initial Borrower" means WVF-I LLC, a Delaware limited liability company

"Interest Election Request" means a request by a Borrower to convert or continue a Borrowing in accordance with Section 2.05

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any LIBOR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a LIBOR Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period

"Interest Period" means with respect to any LIBOR Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months (or with the consent of the Lenders participating in such Borrowing, nine or twelve months) thereafter, as the applicable Borrower may elect provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing

"Interest Rate Agreement" means in respect of a Person any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect such Person against fluctuations in interest rates

"Investments" means any investments (whether through purchase of Capital Stock or Indebtedness) or subordination of any claim or demand a Person may have to the claim or demand of any other Person in any other Person or without duplication, Guarantee the Indebtedness of such Person or acquisitions of all or substantially all of the assets or business of any other Person or a division or operating business unit thereof (excluding any such

acquisition classified as a capital expenditure under GAAP), or capital contribution to (by means of any transfer of cash or property to others or any payment for property or services for the account of others) or purchase or acquisition of Capital Stock Indebtedness or similar instruments issued by such Person (other than Indebtedness permitted under Section 6 01)

"Lenders" means the Persons listed on Schedule 2 01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance

"LIBOR" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing are bearing interest at a rate determined by reference to the Adjusted LIBO Rate

"LIBO Rate" means, with respect to any LIBOR Borrowing for any Interest Period the rate appearing on the Bloomberg LIBOR page of the Bloomberg Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11 00 a m London time two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period In the event that such rate is not available at such time for any reason then the "LIBO Rate" with respect to such LIBOR Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent (or if the Administrative Agent at the time is not a commercial bank any commercial bank based in New York City selected by the Administrative Agent for the purpose of quoting such rate, provided that such commercial bank has a combined capital and surplus and undivided profits of not less than \$500 000,000) in immediately available funds in the London interbank market at approximately 11 00 a m , London time, two Business Days prior to the commencement of such Interest Period

"Lien" means any mortgage, pledge security interest, encumbrance lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof)

"Loan Documents" means this Agreement, the Guarantee Agreement, the Security Documents, the Conversion Agreement and any Equipment Owner Agreements

"Loan Parties" means the Borrowers the Guarantors, the Pledgor and any Foreign Subsidiary Equipment Owners

"Loans" means the loans made or deemed made to the Borrowers pursuant to this Agreement

"Lucent" means Lucent Technologies Inc

"Lucent Conversion Note" means any Conversion Note that is held or Guaranteed by Lucent or any of its Affiliates or for which Lucent or any Affiliate thereof is otherwise directly or indirectly liable, pursuant to a make-whole arrangement or otherwise

"Lucent Lender" means any Lender that is Lucent or an Affiliate of Lucent

"Lucent Loan" means any Loan that is held by any Lucent Lender or that is Guaranteed by Lucent or any Affiliate thereof or for which Lucent or any Affiliate thereof is otherwise directly or indirectly liable, pursuant to a make-whole arrangement or otherwise. Solely for purposes of determining Available Commitments (a) if a Lucent Loan is held by a Lender that is not a Lucent Lender and if the amount that Lucent and its Affiliates may be required to pay in respect of such Loan is limited by the terms of the Guarantee or other agreement under which they are directly or indirectly liable therefor to an amount less than the outstanding principal amount of such Loan then the amount of such Loan that is deemed to be a "Lucent Loan" shall be limited to the maximum aggregate amount that Lucent and its Affiliates may be required to pay pursuant to the terms of such Guarantee or other agreement and (b) a Loan shall be deemed not to be "held by" a Lucent Lender to the extent that such Lucent Lender has sold a participation in such Loan to a Person other than Lucent or an Affiliate of Lucent on terms that would result in such participation not constituting a "Lucent Loan" if such participation had been consummated as an assignment pursuant to Section 9.04(b)

"Lucent Products" means equipment that is manufactured by or on behalf of Lucent, licenses to use software developed by Lucent and installation and engineering services related to the foregoing products

"Margin Regulation" means, collectively, Regulations T, U and X of the Board

"Marketable Securities" means, with respect to any asset disposition any readily marketable equity securities of a corporation that are (i) traded on the New York Stock Exchange the American Stock Exchange or the Nasdaq National Market (including small capitalization markets) and (ii) issued by a corporation having a total equity market capitalization of not less than \$250 0 million, provided, however that, other than for purposes of determination of Fair Market Value, the excess of (A) the aggregate amount of securities of any one such corporation held by the Bank Loan Parties on a consolidated basis over (B) 20 times the average daily trading volume of such securities during the 20 immediately preceding trading days shall be deemed not to be Marketable Securities as determined on the date of the contract relating to such asset disposition

"Material Adverse Effect" means any material and adverse effect on (i) the consolidated business, properties, condition (financial or otherwise) or operations of the Consolidated Group on a consolidated basis, (ii) the ability of any Borrower or any other Loan Party timely to perform any of its material obligations or of the Lenders to exercise any remedy, under any Loan Document or (iii) the legality validity binding nature or enforceability of any material provisions of any Loan Document

"Maturity Date" means December 31 2006

"Measurement Date" has the meaning assigned to such term in Section 5.13

"MFN Fiber IRU Capital Lease Obligation" means the obligations of Winstar Wireless, Inc. under the Fiber Optic Network Agreements, dated as of July 22, 1999, September 30, 1999 and February 10, 2000, each between Winstar Wireless Inc. and Metromedia Fiber Network Services, Inc. (as amended or restated from time to time)

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which any member of the ERISA Group is making or accruing an obligation to make contributions or has within the preceding five plan years made or accrued contributions

"Net Available Cash" from an asset disposition means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to such properties or assets or received in any other noncash form), in each case net of

(i) all reasonable legal title and recording tax expenses, commissions and other fees and expenses incurred and all federal state provincial foreign and local taxes required to be accrued as a liability under GAAP as a consequence of such asset disposition

(ii) all payments made on any Indebtedness which is secured by any assets subject to such asset disposition in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets or which must by its terms or in order to obtain a necessary consent to such asset disposition or by applicable law be repaid out of the proceeds from such asset disposition,

(iii) all distributions and other payments out of such cash required to be made to minority interest holders in any Subsidiary of the Parent and

(iv) the deduction of appropriate amounts provided by the seller as a reserve in accordance with GAAP against any liabilities associated with the property or other assets disposed in such asset disposition and retained by a Bank Loan Party as a result of such asset disposition

"Net Cash Proceeds" with respect to any issuance or sale of Capital Stock or Indebtedness that is not Refinancing Indebtedness means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof

"Net Proceeds" means with respect to any event (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds but only as and when received (ii) in the case of

a casualty, insurance proceeds, and (iii) in the case of a condemnation or similar event condemnation awards and similar payments, net of (b) the sum of (1) all reasonable fees and out-of-pocket expenses paid by the Parent and the Restricted Subsidiaries to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale or other disposition of an asset (including pursuant to a casualty or condemnation), the amount of all payments required to be made by the Parent and the Restricted Subsidiaries as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event, and (iii) the amount of all taxes paid (or reasonably estimated to be payable) by the Parent and the Restricted Subsidiaries and the amount of any reserves established by the Parent and the Restricted Subsidiaries to fund contingent liabilities reasonably estimated to be payable in each case that are directly attributable to such event (as determined reasonably and in good faith by the chief financial officer of the Parent)

"Network Equipment Financing" means Purchase Money Indebtedness provided by an Equipment Vendor Lender and Incurred for the purpose of financing the Vendor Equipment Price of telecommunications data transmission or computer equipment provided that the primary equipment (the purchase price for which equipment is included in such Vendor Equipment Price) is (1) manufactured by such Equipment Vendor Lender or another single Equipment Vendor, (2) used to provide Telecommunication Business services and (3) installed as part of a network owned or operated by a Consolidated Subsidiary Group Member

"Non-Fiber Capital Lease Obligations" means Capital Lease Obligations less Fiber Capital Lease Obligations

"Obligations" means (a) the obligations of the Borrowers to duly and punctually pay (1) the principal of and interest on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (11) all other monetary obligations of the Borrowers under this Agreement and (b) the obligations of the Borrowers to duly and punctually perform their other obligations under this Agreement and the other Loan Documents

"office com" means office com Inc , its Subsidiaries and its successors

"On-Network Buildings" means all buildings in which a Consolidated Group Member is capable of providing Telecommunications Business services which are linked directly or indirectly by assets owned or operated by a Consolidated Group Member to communications transmission equipment owned or operated by a Consolidated Group Member

"On-Network Hubs" means all buildings used to aggregate Telecommunications Business transmissions from On-Network Buildings utilizing assets owned or operated by a Consolidated Group Member and linked directly or indirectly by assets owned or operated by a Consolidated Group Member to communications transmission equipment owned or operated by a Consolidated Group Member

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to any Loan Document

"Outstanding Old Bond Debt" means any Indebtedness outstanding as of the date hereof of (i) Winstar Equipment Corp in respect of its 12½% Guaranteed Senior Secured Notes due 2007 and (ii) the Parent in respect of its (A) 14% Senior Discount Notes due 2005 (B) 10% Senior Subordinated Notes due 2008 and (C) 11% Senior Subordinated Deferred Interest Notes due 2008

"Parent" means Winstar Communications Inc a Delaware corporation

"PBGC" means the Pension Benefit Guarantee Corporation (or any successor Governmental Authority)

"Pension Plan" means a Plan that (i) is an employee pension benefit plan as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) and (ii) is subject to the provisions of Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code

"Perfection Certificate" means a certificate in the form of Exhibit G or any other form approved by the Agents

"Permitted Holders" means William J Rouhana Jr (or in the event of his incompetence or death his estate, heirs executor, administrator committee or other personal representative (collectively, 'heirs')) or any Person

controlled, directly or indirectly, by William J Rouhana, Jr or his heirs

"Permitted Investments" has the meaning assigned to such term in Section 6 04

"Permitted Liens" has the meaning assigned to such term in Section 6 03

"Person" means any individual, corporation partnership, limited liability company, joint venture, association joint-stock company trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity

"Plan" means an employee benefit plan as defined in Section 3(3) of ERISA (other than a Multiemployer Plan) which is maintained or contributed to by the Bank Borrower or any member of the ERISA Group

"Pledge Agreement" means the Pledge Agreement between the Pledgor and the Collateral Agent substantially in the form of Exhibit H

"Pledgor" means Winstar Wireless Inc a Delaware corporation

"Preferred Stock", as applied to the Capital Stock of any Person means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person

"Prepayment Event" means the issuance by the Parent after the Effective Date of any shares of its capital stock or other equity securities for cash consideration other than Disqualified Stock and other stock options or warrants issued to officers or employees or stock issued upon the exercise of any such stock options or warrants

"Prime Rate" means (a) at any time that The Bank of New York is the Bank Agent the rate of interest from time to time publicly announced by The Bank of New York in The City of New York as its prime commercial lending rate or (b) at any other time, the rate of interest per annum published from time to time in the "Money Rates" column (or any successor column) of The Wall Street Journal as the prime rate or if such rate shall cease to be so published or is not available for any reason the rate of interest publicly announced from time to time by any commercial bank

based in New York City selected by the Administrative Agent for the purpose of quoting such rate, provided such commercial bank has a combined capital and surplus and undivided profits of not less than \$500,000,000. Each change in the Prime Rate shall be effective from and including the opening of business on the date such change is announced or published, as the case may be.

"Principal Payment Date" means each March 31, June 30, September 30 and December 31, commencing on and including March 31, 2005, and ending on and including the Maturity Date.

"Principal Subsidiaries" means the Subsidiaries of the Parent listed as Principal Subsidiaries on Schedule 3.02 as of the Effective Date plus Subsidiaries of the Parent designated as Principal Subsidiaries pursuant to Sections 10.01(d) or (e) or Sections 10.02(b) or (c) but not including Subsidiaries removed as Principal Subsidiaries pursuant to Section 10.02(d) or (e).

"Property" means with respect to any Person any interest of such Person in any kind of property or asset whether real, personal or mixed, or tangible or intangible, including Capital Stock in and other securities of any other Person.

"Purchase Money Indebtedness" means Indebtedness (including Capital Lease Obligations, Acquired Indebtedness, mortgage financings and purchase money obligations) incurred for the purpose of financing not more than 100% of the cost and directly related expenses including costs of design, construction, acquisition, lease, installation (including the cost of other equipment incidental to such installation), insurance, shipping, handling, storage, transportation, testing, development or improvement or any service agreement, maintenance agreement or warranty agreement with respect to the applicable Telecommunications Assets of a Consolidated Group Member.

"Purchase Price" means amounts paid or payable for Eligible Equipment and Services pursuant to invoices delivered pursuant to the Supply Agreement.

"Receivables" means receivables, chattel paper, instruments, documents or intangibles evidencing or relating to the right to payment of money and proceeds and products thereof in each case generated in the ordinary course of business.

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange, conversion or replacement for, such Indebtedness. "Refinances", "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness of a Consolidated Group Member that Refinances any Indebtedness of a Consolidated Group Member existing on the Effective Date or Incurred in compliance with this Agreement, including Indebtedness that Refinances Refinancing Indebtedness provided, however, that

(i) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced,

(ii) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced

(iii) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses including any premium and defeasance costs) under the Indebtedness being Refinanced,

(iv) such Refinancing Indebtedness is not secured by Liens beyond the Liens in place at the time of the Incurrence of the Indebtedness being Refinanced, except as otherwise permitted under this Agreement, and

(v) such Refinancing Indebtedness is issued on terms no more restrictive in any material respect than those contained in the Indebtedness being Refinanced or is on commercially reasonable terms approved by the Administrative Agent, such approval not to be unreasonably withheld or delayed, provided, however that (a) any Refinancing of Indebtedness referred to in Section 6.01(a)(v)(A) shall not be subject to this clause (v) so long as such Refinancing is on commercially reasonable terms at the time of such Refinancing and (b) any Refinancing Indebtedness shall not be subject to this clause (v) if (x) the Incurrence of such Indebtedness would not require any approval by the Administrative Agent if such Indebtedness were not Refinancing Indebtedness and (y) the terms of such

Refinancing Indebtedness are commercially reasonable at the time of such Refinancing, provided further that Refinancing Indebtedness Incurred by the Parent to refinance Loans shall not be subject to this clause (v)

"Refinancing Notice" has the meaning assigned to such term in Section 2.18

"Refinancing Period" means any period commencing on the date of occurrence of a Refinancing Period Trigger Event and ending on the next day on which the Borrowers shall have prepaid an aggregate principal amount of Loans equal to the aggregate principal amount of Loans required to have been refinanced pursuant to the Refinancing Notice that resulted in the occurrence of such Refinancing Period Trigger Event and any Refinancing Notices subsequently delivered with respect to which the Refinancing Trigger Date occurred during such period. It is understood that if a Refinancing Notice requires that all outstanding Loans be refinanced, the Borrowers shall be deemed not to have satisfied such requirement until there are no Loans outstanding

"Refinancing Trigger Date" means, with respect to any Refinancing Notice, the date that is 90 days (or, if necessary in order to complete a year-end audit, 105 days) after the date such Refinancing Notice is delivered to the Borrowers

"Refinancing Trigger Event" means the failure of the Borrowers to prepay Loans in the amount required by a Refinancing Notice prior to the Refinancing Trigger Date with respect to such Refinancing Notice, provided that, if a Refinancing Trigger Date occurs during a Refinancing Period that commenced on a previous date and is continuing, no Refinancing Period Trigger Event shall be deemed to occur on such Refinancing Trigger Date. References herein to the date of occurrence of a Refinancing Period Trigger Event shall be deemed to refer to the Refinancing Trigger Date prior to which the Borrowers failed to prepay Loans resulting in the occurrence of such Refinancing Period Trigger Event

"Register" has the meaning set forth in Section 9.04

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates

"Released Borrower" means any Initial Borrower or Replacement Borrower that has ceased to be a Borrower in accordance with Section 2 20 or 2 22

"Replacement Borrower" means any corporation or limited liability company that becomes a "Borrower" hereunder in accordance with Sections 2 20 and 4 04

"Replacement Trigger Event" means, with respect to any Borrower that (a) at least \$250,000,000 of Loans shall have been made to such Borrower (on a cumulative basis) and (b) at least \$50 000,000 aggregate principal amount of Loans to such Borrower shall have been repaid or prepaid (on a cumulative basis) subsequent to the first date on which the condition described in clause (a) above was satisfied

"Required Lenders" means at any time Lenders having outstanding Loans and Commitments representing more than 50% of the sum of the total outstanding Loans and Commitments at such time provided that (i) at any time (on or after the first date on which Lenders (other than Lucent Lenders) hold Commitments and Loans aggregating \$100,000,000 or more) that Lucent Lenders have outstanding Loans and Commitments representing more than 50% of the sum of all outstanding Loans and Commitments at such time, "Required Lenders" means each of (A) the Lucent Lenders at such time and (B) other Lenders holding more than 50% of the outstanding Loans and Commitments (excluding those held by Lucent Lenders) at such time and (ii) if at such time any Lender shall have become a Lender pursuant to an Exempt Assignment the Loans and Commitments assigned to such Lender pursuant to such Exempt Assignment, and any Loans made pursuant to any Commitments assigned to such Lender pursuant to such Exempt Assignment shall be disregarded for all purposes of this definition as though such Loans and Commitments did not exist provided further that, if any Loans or Commitments referred to in clause (ii) above are subsequently assigned to a Lucent Lender such Loans or Commitments shall cease to be disregarded as provided in such clause

"Responsible Officer" means the chief executive officer, president, chief financial officer, principal accounting officer, secretary or assistant secretary or treasurer or assistant treasurer of the Parent

"Restricted Subsidiaries" means the Subsidiaries of the Parent listed as Restricted Subsidiaries on Schedule 3 02 as of the Effective Date plus Subsidiaries of the Parent which are designated as or become Restricted

Subsidiaries pursuant to Sections 10 01(b) and (c) but not including Subsidiaries removed as Restricted Subsidiaries pursuant to Sections 10 01(d) through (f)

"Sale/Leaseback Transaction" means the transfer by a Consolidated Group Member of property owned by it to a Person (other than a Consolidated Group Member) and the leasing by any Consolidated Group Member of such property from such Person

"SEC" means the Securities and Exchange Commission (or any successor Governmental Authority)

"Second Borrower" has the meaning assigned to such term in Section 2 20

"Securities Act" means the Securities Act of 1933

"Security Agreements" means the U S Security Agreements and any Foreign Subsidiary Security Agreements

"Security Documents" means the Pledge Agreement and the Security Agreements

"Series A Preferred Stock" means the Series A 6% Cumulative Convertible Preferred Stock of the Parent

"Series C Preferred Stock" means the Series C 14 1/4% Senior Cumulative Exchangeable Preferred Stock due 2007 of the Parent issued and outstanding on the Effective Date

"Series C Stock Transaction" means (i) the exchange of the Series C Preferred Stock for exchange debentures ("Exchange Debentures") pursuant to the terms of the Series C Preferred Stock, (ii) the exchange by the Parent of Exchange Debentures for the Parent's 14 1/4% Senior Discount Notes due 2010 and the Parent's 12 1/4% Senior Notes due 2010, and (iii) the repurchase by the Parent for cash of shares of Series C Preferred Stock and/or Exchange Debentures which are not exchanged in connection with the foregoing transactions

"Series D Preferred Stock" means the Series D 7% Cumulative Convertible Preferred Stock due 2010 of the Parent

"Series G Preferred Stock" means the Series G Senior Cumulative Participating Convertible Preferred Stock of the Parent

"Shelf Registration" means the registration under the Securities Act of the offering and sale of securities of the Parent which will include the offering and sale of Conversion Notes that is required to be maintained in effect in accordance with Section 2 19 and the Conversion Agreement

"Stated Maturity" means with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred) "Stated Maturity" has, with respect to a Capital Lease Obligation, the meaning set forth herein in the definition of Capital Lease Obligation "Stated Maturity" means, with respect to Indebtedness and Refinancing Indebtedness the date specified in the instrument evidencing such Indebtedness or Refinancing Indebtedness as the fixed date on which the final payment of principal of such Indebtedness or Refinancing Indebtedness is due and payable

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal special emergency or supplemental reserves) expressed as a decimal established by the Board to which any commercial banks subject to regulation by the Board are subject with respect to the Adjusted LIBO Rate for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) Such reserve percentages shall include those imposed pursuant to such Regulation D LIBOR loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage

"Subsidiary" means, with respect to any Person, a corporation, association, partnership or other business entity of which (a) more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly by

- (1) such Person,

(ii) such Person and one or more Subsidiaries of such Person or

(iii) one or more Subsidiaries of such Person

or (b) 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly by such Person pursuant to (i), (ii) or (iii) of clause (a) above and such Person has, directly or indirectly the requisite control over such entity to prevent it from incurring indebtedness, or taking any other action at any time, in contravention of the provisions of this Agreement or any other credit agreement or indenture applicable to it

* "Supply Agreement" means the Supply Agreement dated as of October 21, 1998 between Lucent and the Parent

→ "Taxes" means any and all present or future taxes, levies, imposts, duties deductions charges or withholdings imposed by any Governmental Authority

"Telecommunications Assets" means (i) any Property (other than cash Temporary Cash Investments and Marketable Securities) used in the Telecommunications Business or (ii) the Capital Stock of any Person engaged primarily in the Telecommunications Business

"Telecommunications Business" means the business of (i) transmitting, or providing services relating to the transmission of voice, video or data through transmission facilities, (ii) constructing creating, developing or producing communications networks, related network transmission equipment, software, devices and content for use in a communications or content distribution business, (iii) data center management, computer and application outsourcing, computer systems integration, reengineering of computer software information services and web hosting and any services related thereto or (iv) evaluating, participating or pursuing any other activity or opportunity that is primarily related to those identified in (i), (ii) or (iii) above or in furtherance thereof, including without limitation any business conducted by any Consolidated Group Member on the Effective Date, provided, however, that the determination of what constitutes a Telecommunications Business shall be made in good faith by the Board of Directors of the Parent

"Telecommunications Licenses" has the meaning assigned to such term in Section 3.13

"Temporary Cash Investments" means any of the following

(i) any investment in direct obligations of the United States of America or any agency thereof or obligations guaranteed by the United States of America or any agency thereof,

(ii) investments in time deposit accounts, certificates of deposit, money market deposits, bankers' acceptances and repurchase obligations maturing within 365 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America any state thereof or any foreign country recognized by the United States, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of \$500,000,000 (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker-dealer or mutual fund distributor

(iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (i) above entered into with a bank meeting the qualifications described in clause (ii) above

(iv) investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Parent) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's Investors Service, Inc. or "A-1" (or higher) according to Standard and Poor's Ratings Group,

(v) investments in securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America or by any political subdivision or taxing authority thereof, and

rated at least "A" by Standard & Poor's Ratings Group or "A" by Moody's Investors Service, Inc ,

(vi) auction rate preferred stocks of any corporation maturing within 90 days after the date of acquisition rated at least "A" by Standard and Poor's Ratings Group and

(vii) any investment in a registered investment company investing exclusively in investments of the types described in clauses (i) through (vi)

"Temporary Restricted Subsidiaries" means those Restricted Subsidiaries listed as Temporary Restricted Subsidiaries on Schedule 3.02 but not including any Subsidiaries so listed that are removed as Restricted Subsidiaries pursuant to Sections 10.01(d) through (f)

"Third Party Products" means Eligible Equipment and Services other than Lucent Products

"Transactions" means the execution delivery and performance by each Loan Party of the Loan Documents (and in the case of the Parent, the Conversion Indenture) to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and, in the case of the Parent, the issuance of Conversion Notes

"Type", when used in reference to any Loan or Borrowing refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate

"Unrestricted Proceeds" means, on any date of determination, (a) the sum of the following amounts received by the Bank Borrower and Restricted Subsidiaries for the period from and after the Effective Date to such date of determination

(i) the aggregate Net Cash Proceeds from the issuance or sale of Capital Stock (other than Disqualified Stock) of the Parent (other than an issuance or sale to the Bank Borrower or a Restricted Subsidiary and other than an issuance or sale to an employee stock ownership plan or to a trust established by a Bank Loan Party or Principal Subsidiary for the benefit of their employees),

(ii) Net Available Cash received from the sale of Investments made pursuant to clauses (ix) (xi) (xii), (xiv) and (xxi) of Section 6.04(b) and any cash

dividends, interest and other distributions received from such Investments

(iii) cash dividends, interest and other distributions received from Unrestricted Subsidiaries or from Investments in Unrestricted Subsidiaries

(iv) Net Cash Proceeds or Net Available Cash from sales of Capital Stock of Unrestricted Subsidiaries and

(v) upon the conversion of an Unrestricted Subsidiary to a Restricted Subsidiary the aggregate cost of all Investments made by the Borrower or a Restricted Subsidiary in the Subsidiary being converted

less (b) the sum of amounts deemed utilized as Unrestricted Proceeds under (1) clauses (i), (ix), (xix) and (xx) of Section 6 04(b) (2) Section 6 05, (3) Section 6 07(c) and (4) Section 6 08(c)

"Unrestricted Subsidiaries" means all Subsidiaries of the Parent that are not Principal Subsidiaries, Restricted Subsidiaries or Designated Foreign Subsidiaries

"U S Security Agreement" means a Security Agreement between a Borrower and the Collateral Agent substantially in the form of Exhibit I

"Vendor Equipment Price" means the purchase price of equipment manufactured by an Equipment Vendor and the costs associated therewith, including costs of shipping handling, storage transportation, testing, development or improvement, insurance design construction and installation, including the cost of other equipment or items incidental to such installation and the cost of service or warranty agreements or maintenance agreements therefor

"Vendor Financing" means (a) any financing or other credit or deferred payment arrangement except in the ordinary course of business on terms not to exceed 120 days provided by a supplier, manufacturer or lessor of Telecommunications Assets or any Affiliate thereof and (b) the financing represented by the Loans under this Agreement

"Vendor Financing Obligor" means a Subsidiary of the Bank Borrower that is formed to Incur Purchase Money Indebtedness provided that (a) substantially all the Property of such Subsidiary consists of Property the purchase price of which was financed with the proceeds of

such Purchase Money Indebtedness, (b) such Subsidiary's Purchase Money Indebtedness is not secured by Liens on any Property other than such Subsidiary's Capital Stock, Property owned by such Subsidiary and Property owned by other Subsidiaries that constitute "Vendor Financing Obligors" within the meaning of this definition and (c) such Subsidiary's Purchase Money Indebtedness is not Guaranteed by or otherwise recourse to any other Person other than a Guarantor

"Voting Stock" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors managers or trustees thereof

"Welfare Plan" means a "welfare plan", as defined in Section 3(1) of ERISA

"Wholly Owned" means with respect to a Subsidiary, all the Capital Stock of such Subsidiary (other than directors' qualifying shares or a similar immaterial number of shares owned by third parties to comply with local shareholder residency requirements outside the United States) is owned by the Parent or one or more Wholly Owned Subsidiaries

"Williams Fiber IRU Capital Lease Obligation" means the IRU Agreement, effective as of December 17, 1998, between Winstar Wireless Inc and Williams Communications Inc (as amended modified, clarified supplemented, or restated from time to time)

SECTION 1 02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "LIBOR Loan") Borrowings also may be classified and referred to by Type (e.g., a "LIBOR Borrowing")

SECTION 1 03 Terms Generally The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation" The word "will" shall be construed to have the same meaning and effect as the word "shall" Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to

such agreement instrument or other document as from time to time amended supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof (d) all references herein to Articles Sections Exhibits and Schedules shall be construed to refer to Articles and Sections of and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash securities, accounts contract rights, licenses and intellectual property

SECTION 1 04 Accounting Terms Except as otherwise expressly provided herein, the term "consolidated" and all other terms of an accounting nature shall be interpreted and construed in accordance with GAAP, as in effect on the date hereof provided, however that, for purposes of determining compliance with the provisions of this Agreement the term "consolidated" as applied to the Parent the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries the Borrowers Vendor Financing Obligors Designated Foreign Subsidiaries Consolidated Group, Consolidated Subsidiary Group and/or Loan Parties as the case may be shall mean only the consolidation of the Persons indicated, as applicable, and not other Persons that otherwise under GAAP would be included on a consolidated basis If there shall occur a change in GAAP which would affect the computation used to determine compliance with any covenant set forth in Article V or VI, the Parent the Borrowers and the Lenders agree to negotiate in good faith in an effort to agree upon an amendment to this Agreement that will permit compliance with such covenant to be determined by reference to GAAP as so changed while affording the Lenders and the Consolidated Group the rights and obligations intended to be afforded by such covenant prior to such change (it being understood, however, that such covenant shall remain in full force and effect in accordance with its existing terms unless and until such amendment shall become effective)

ARTICLE II

The Loans

SECTION 2 01 Commitments Subject to the terms and conditions set forth herein, each Lender with an Available Commitment agrees to make Loans to the Designated Borrower at any time and from time to time during the Availability Period in an aggregate principal amount not exceeding its remaining Available Commitment at the time Amounts repaid in respect of Loans may not be reborrowed

SECTION 2 02 Loans and Borrowings (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Available Commitments, provided that if a Fronting Commitment is assigned by a Lucent Lender then until such Fronting Commitment is fully drawn (i) such Lucent Lender shall not be required to make any additional Loans and (ii) the amount of the Loan to be made by the assignee of such Fronting Commitment pursuant to each Borrowing shall equal the amount of the Loan that would have been made by such assignee pursuant to such Borrowing without giving effect to such assignment plus either (A) the amount of the Loan that would have been made by such Lucent Lender pursuant to such Borrowing without giving effect to such assignment or, if less, (B) the remaining amount of such Fronting Commitment. The foregoing proviso shall not be construed to require any Lender to make a Loan pursuant to a Commitment that is not an Available Commitment. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder, provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required, provided further that Lucent agrees that it shall be liable hereunder for the obligation of any of its Affiliates that is a Lender to make Loans hereunder as required

(b) Subject to Section 2 12, each Borrowing shall be comprised entirely of LIBOR Loans or ABR Loans as the Designated Borrower may request in accordance herewith. Each Lender at its option may make any LIBOR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement

(c) At the commencement of each Interest Period for any LIBOR Borrowing such Borrowing shall be in an

aggregate amount that is an integral multiple of \$100,000 and not less than \$5,000 000 Borrowings of more than one Type may be outstanding at the same time, provided that there shall not be more than 20 LIBOR Borrowings outstanding at the same time

(d) Notwithstanding any other provision of this Agreement the Borrowers shall not be entitled to request, or to elect to convert or continue, any Borrowing as a LIBOR Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date

SECTION 2 03 Requests for Borrowings. To request a Borrowing the Designated Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a LIBOR Borrowing, not later than 11 00 a m , New York City time three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11 00 a m , New York City time, one Business Day before the date of the proposed Borrowing, provided that (i) only one request for a Borrowing may be made in any single calendar month (it being understood that all Borrowings made by the Designated Borrower on the same date shall be treated as a single request for a Borrowing for purposes of this limitation) and (ii) if any Lucent Lender has an Available Commitment at the time of such Borrowing and any portion of the proceeds of such Borrowing to be funded by such Lucent Lender would be required to be funded by such Lucent Lender other than as a credit against amounts owing to Lucent or an Affiliate of Lucent as provided in Section 2 04, then the applicable Borrowing Request shall be made not later than five Business Days before the date of the proposed Borrowing (in the case of a LIBOR Borrowing) or three Business Days before the date of the proposed Borrowing (in the case of an ABR Borrowing) Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Designated Borrower Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2 02

(1) the aggregate amount of such Borrowing and a reasonably detailed description of the use of the proceeds therefrom (and each written Borrowing Request shall attach copies of all invoices to be paid with such proceeds) and indicating the portion, if any, of such Borrowing that is financing the Purchase Price of any Third Party Products,

(ii) the date of such Borrowing, which shall be a Business Day,

(iii) whether such Borrowing is to be a LIBOR Borrowing or an ABR Borrowing,

(iv) in the case of a LIBOR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period" and

(v) the location and number of the account or accounts to which funds (if any) are to be disbursed, which shall comply with the requirements of Section 2.04

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested LIBOR Borrowing, then the Designated Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender with an Available Commitment of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 Funding of Borrowings. (a) Each Lender with an Available Commitment shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Designated Borrower by promptly crediting the amounts so received, in like funds, to an account of the Designated Borrower maintained with the Administrative Agent in New York City and designated by the Designated Borrower in the applicable Borrowing Request. Notwithstanding the foregoing, if the proceeds of any Borrowing are to be used to make any payment to or for the account of Lucent or any Affiliate thereof: (i) if any Lucent Lender has an Available Commitment, then such Lucent Lender may make its Loan by crediting the amount thereof against the payment obligations to Lucent or any such Affiliate and shall be deemed to have made a Loan in the amount of such credit; and (ii) the Administrative Agent will make the Loans of the other Lenders available to the Designated Borrower by promptly crediting the amounts so received from such other Lenders, in immediately available funds, to an account of Lucent maintained with the Administrative Agent for such

purpose, to the extent of the proceeds of such Loans designated to be used to make payments to Lucent or any of its Affiliates (after giving effect to any credits pursuant to clause (i) above) and the balance, if any, of such proceeds shall be made available to the Designated Borrower as provided in the preceding sentence

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Designated Borrower a corresponding amount. In such event if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent then the applicable Lender and the Designated Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Designated Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Designated Borrower the interest rate applicable to ABR Loans of the same Class. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.05 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and in the case of a LIBOR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a LIBOR Borrowing, may elect Interest Periods therefor, all as provided in this Section. The applicable Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section the applicable Borrower shall notify the Administrative

Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2 03 if the applicable Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the applicable Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2 02 and paragraph (f) of this Section:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request which shall be a Business Day;

(iii) whether the resulting Borrowing is to be a LIBOR Borrowing or an ABR Borrowing; and

(iv) if the resulting Borrowing is a LIBOR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a LIBOR Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If a Borrower fails to deliver a timely Interest Election Request with respect to a LIBOR Borrowing of such Borrower prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as

provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a LIBOR Borrowing and (ii) unless repaid, each LIBOR Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

(f) A Borrowing may not be converted to or continued as a LIBOR Borrowing if after giving effect thereto (i) the Interest Period therefor would commence before and end after a date on which any principal of the Loans is scheduled to be repaid and (ii) the sum of the aggregate principal amount of outstanding LIBOR Borrowings with Interest Periods ending on or prior to such scheduled repayment date plus the aggregate principal amount of outstanding ABR Borrowings would be less than the aggregate principal amount of Loans required to be repaid on such scheduled repayment date.

SECTION 2.06 Termination and Reduction of Commitments (a) Unless previously terminated the Commitments shall terminate on the Availability Termination Date.

(b) On the date of each Loan made by any Lender such Lender's Commitment shall be reduced by an amount equal to such Loan.

(c) In the event that a prepayment would be required pursuant to paragraph (b) or (c) of Section 2.09, all Commitments then in effect shall be reduced ratably by an aggregate amount equal to the excess, if any, of the amount of the required prepayment over the aggregate principal amount of Loans outstanding immediately prior to giving effect to such prepayment.

(d) The Designated Borrower may at any time terminate, or from time to time reduce the Commitments, provided that each reduction of the Commitments pursuant to this paragraph (d) shall be in an amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000.

(e) The Designated Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (d) of this Section at least one Business Day prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any

such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Designated Borrower pursuant to this Section shall be irrevocable. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments pursuant to paragraph (d) of this Section shall be made ratably among the Lenders in accordance with their respective Commitments, provided that the Designated Borrower may, in its discretion, reduce the Commitments of Luent Lenders in excess of their Available Commitments pursuant to such paragraph (d) without reducing the Commitments of other Lenders.

SECTION 2 07 Repayment of Loans. Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan made to such Borrower and held by such Lender as provided in Section 2 08.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder the Borrower thereof the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the applicable Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay its Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it to any Borrower be evidenced by a promissory note of such Borrower. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender such a promissory note payable to the order of such Lender (or, if

requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or if such promissory note is a registered note to such payee and its registered assigns)

SECTION 2.08 Amortization of Loans

(a) Subject to adjustment pursuant to paragraph (c) of this Section, the Borrowers shall repay Borrowings on each Principal Payment Date in an aggregate amount equal to \$250,000,000.

(b) To the extent not previously paid, all Loans shall be due and payable on the Maturity Date.

(c) Any prepayment of a Borrowing shall be applied to reduce ratably the subsequent scheduled repayments of the Borrowings to be made pursuant to this Section.

(d) Prior to any repayment of any Borrowings hereunder, the Borrowers shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m. New York City time, three Business Days before the scheduled date of such repayment, provided that the Borrowers shall select Borrowings to be repaid in accordance with Section 2.21 and otherwise such that each Lender shall receive its pro rata share of such repayment as provided in Section 2.16. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing. Repayments of Borrowings shall be accompanied by the payment of accrued interest on the amount thereof.

SECTION 2.09 Prepayment of Loans (a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part subject to the requirements of Section 2.21 and this Section.

(b) In the event and on each occasion that any Net Proceeds are received by or on behalf of the Parent or any Restricted Subsidiary in respect of any single Prepayment Event, the Borrowers shall, within three Business Days after such Net Proceeds are received, prepay Borrowings in an aggregate amount equal to 50% of the excess if any of such Net Proceeds over \$350,000,000.

(c) In the event and on each occasion that any Collateral Trigger Event occurs, the applicable Borrower shall, within five Business Days after the date that such Collateral Trigger Event occurs, prepay Borrowings in an aggregate amount equal to the Collateral Prepayment Amount with respect to such Collateral Trigger Event

(d) Prior to any optional or mandatory prepayment of Borrowings hereunder, the applicable Borrower or Borrowers shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to paragraph (e) of this Section, provided that the Borrowers shall select Borrowings to be prepaid in accordance with Section 2 21 and otherwise such that each Lender shall receive its pro rata share of such prepayment as provided in Section 2 16

(e) The Borrowers shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a LIBOR Borrowing, not later than 1 00 p m , New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11 00 a m New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment. Promptly following receipt of any such notice the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that is an integral multiple of \$100,000 and not less than \$5 000 000 except as necessary to apply fully the required amount of a mandatory prepayment. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments of Borrowings shall be accompanied by the payment of accrued interest on the amount prepaid.

SECTION 2 10 Fees (a) The Designated Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the rate of 1 50% per annum on the average daily amount of the Available Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which the Commitments terminate. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate commencing on the first such date to occur after the Effective Date. All commitment fees

shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day)

(b) The Borrowers agree to pay to Lucent, for its own account, fees in the amounts and at the times separately agreed

(c) The Borrowers agree to pay to the Administrative Agent (if other than Lucent) and the Collateral Agent, for its own account, fees in the amounts and at the times separately agreed

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, (i) to the applicable Agent (ii) to Lucent, in the case of fees payable to it, or (iii) to the Administrative Agent, in the case of commitment fees for distribution to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances

SECTION 2.11 Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Margin

(b) The Loans comprising each LIBOR Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin

(c) Notwithstanding the foregoing if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section

(d) All accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan, provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount of such Loan repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Loan prior to the end of the current Interest Period therefor accrued interest on such Loan shall be payable on the effective date of such conversion

(e) All interest hereunder shall be computed on the basis of a year of 360 days except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day) The applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined in accordance with this Agreement by the Administrative Agent, and such determination shall be conclusive absent manifest error

SECTION 2 12 Alternate Rate of Interest If prior to the commencement of any Interest Period for a LIBOR Borrowing

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period, or

(b) the Administrative Agent is advised by a majority in interest of the Lenders participating in such Borrowing that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period,

then the Administrative Agent shall give notice thereof to the Borrowers and the Lenders by telephone or telecopy as promptly as practicable thereafter and until the Administrative Agent notifies the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a LIBOR Borrowing shall be ineffective and (ii) if any Borrowing Request requests a LIBOR Borrowing such Borrowing shall be made as an ABR Borrowing

SECTION 2 13 Increased Costs (a) If any Change in Law shall

(i) impose, modify or deem applicable any reserve special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate), or

(11) impose on any Lender or the London interbank market any other condition affecting this Agreement or LIBOR Loans made by such Lender

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any LIBOR Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) (excluding for purposes of this Section 2 13(a) any such increased costs resulting from (x) Taxes (as to which Section 2 15(a) shall exclusively govern) and (y) changes in the basis taxation of Excluded Taxes), then the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and the basis therefor shall be delivered to the Borrowers by the applicable Lender (with a copy to the Administrative Agent) and shall be prima facie evidence thereof. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor provided further that, if the Change

in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof

SECTION 2 14 Break Funding Payments In the event of (a) the payment of any principal of any LIBOR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any LIBOR Loan other than on the last day of the Interest Period applicable thereto (c) the failure to borrow convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any LIBOR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by a Borrower pursuant to Section 2 17, then, in any such event, the applicable Borrower shall compensate each Lender for the loss cost and expense attributable to such event In the case of a LIBOR Loan such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess if any of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow convert or continue for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this paragraph shall be delivered to the Borrowers and shall be prima facie evidence thereof The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof

SECTION 2 15 Taxes (a) Any and all payments by or on account of any obligation of any Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes, provided that if any Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender

receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Borrower shall make such deductions and (iii) the applicable Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law

(b) In addition, each Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law

(c) Each Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender on or with respect to any payment by or on account of any obligation of such Borrower hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties interest and reasonable expenses arising therefrom or with respect thereto whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment and supported by calculations thereof in reasonable detail delivered to a Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender shall be conclusive absent manifest error

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Authority such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent

(e) Each Foreign Lender shall deliver to each Borrower (with a copy to the Administrative Agent) two copies of (i) in the case of Foreign Lender claiming exemption under an applicable income tax treaty or under Section 1442(b) of the Code and applicable Treasury regulations thereunder either United States Internal Revenue Service Form W-8BEN or Form W-8ECI (or any subsequent versions thereof or successors thereto), or, (ii) in the case of a Foreign Lender claiming exemption from U S Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", Form W-8BEN (or any subsequent versions thereof or successors thereto) and a certificate representing that

such Foreign Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder of such Borrower (within the meaning of Section 871(h)(3)(B) of the Code) and is not a controlled foreign corporation related to such Borrower (within the meaning of Section 864(d)(4) of the Code), in either case, properly completed and duly executed by such Foreign Lender claiming complete exemption from, or reduced rate of, U S Federal withholding tax on payments by such Borrower under this Agreement or any other Loan Document. Such forms shall be delivered by each Foreign Lender on or before the date it becomes a party to this Agreement or designates a new lending office. In addition each Foreign Lender shall deliver such forms promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Foreign Lender or otherwise upon the reasonable request of such Borrower. Notwithstanding any other provision of this Section 2 15 a Foreign Lender shall not be required to deliver any form pursuant to this Section 2 15 that such Foreign Lender is not legally able to deliver.

(f) With respect to any Indemnified Tax or Other Tax for which any Borrower may be required to indemnify or to make additional payments for the account of the Administrative Agent or any Lender under this Section 2 15, the Administrative Agent and/or such Lender shall use reasonable efforts (at such Borrower's sole cost and expense) to fulfill any certification, documentation, reporting registration or similar requirements prescribed by the relevant governmental or other taxing authority as a condition to a reduction or elimination of such Tax, provided that the Administrative Agent or Lender, as applicable, has been informed of such requirement in writing by such Borrower.

(g) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by any Borrower pursuant to this Section 2 15 it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made by such Borrower under this Section 2 15 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund) provided however, that such Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to such Borrower (plus any penalties, interest or other charges imposed by the relevant

Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. Nothing contained in this Section 2 15 shall require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its Taxes which it deems confidential) to any Borrower or any other Person.

SECTION 2 16 Payments Generally, Pro Rata Treatment, Sharing of Set-offs (a) Each Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal interest or fees, or of amounts payable under Section 2 13, 2 14 or 2 15 or otherwise) prior to 12 00 noon, New York City time on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at The Chase Manhattan Bank New York New York ABA no 021000021, account no 9101449099, phone no (212) 552-2222 (or such other account as the Administrative Agent shall from time to time specify by notice), except that payments pursuant to Sections 2 10(b), 2 10(c), 2 13, 2 14, 2 15 and 9 03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) Each repayment or prepayment of principal of the Loans of any Borrower hereunder, or selection of Borrowings of any Borrower for repayment or prepayment shall be made such that the benefit of such repayment or prepayment is shared by the Lenders ratably in accordance with the aggregate principal amount of their respective Loans to such Borrower then outstanding.

(c) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due

hereunder such funds shall be applied (i) first, towards payment of interest and fees then due hereunder ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to a Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply) Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation

(e) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due from such Borrower to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption distribute to the Lenders the amount due. In such event, if such Borrower has not in fact made such

payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation

(f) Without limiting the generality of paragraph (a) above, each Borrower's obligations to make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or otherwise) shall be absolute and unconditional and shall not be subject to any delay reduction, set-off, counterclaim, defense or recoupment for any reason, including any failure of any equipment or other assets acquired pursuant to the Supply Agreement or any part thereof, or any dispute with breach of representation or warranty by or claim against any supplier manufacturer installer, vendor or distributor, including Lucent. The provisions of this paragraph shall not be construed as a waiver by the Parent or any Borrower of any rights they may have under the Supply Agreement

SECTION 2.17 Mitigation Obligations, Replacement of Lenders (a) If any Lender requests compensation under Section 2.13, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then, if requested by any Borrower such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15 as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment made at any Borrower's request

(b) If any Lender requests compensation under Section 2.13 or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then the Borrowers may, at their sole expense

and effort, upon notice to such Lender and the Administrative Agent require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that (i) the Borrowers shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 2.18 Refinancing Requirement (a) At any time that the aggregate principal amount of outstanding Lucent Loans equals or exceeds \$500,000,000, Lucent may in its sole discretion require by notice to the Borrowers and the Parent (a "Refinancing Notice") that the Borrowers and the Parent refinance all (or, in Lucent's sole discretion a specified portion) of the outstanding Loans. If a Refinancing Notice is given and the Borrowers fail to prepay the required amount of Loans by the Refinancing Trigger Date with respect to such Refinancing Notice, then such failure shall not constitute an Event of Default, but shall result in the commencement of a Refinancing Period (unless a Refinancing Period previously commenced and is then continuing in which case the requirements of such Refinancing Notice shall be taken into consideration in determining the end of such Refinancing Period). Lucent may deliver Refinancing Notices from time to time hereunder whenever it is entitled to do so, and delivery of a Refinancing Notice requiring the refinancing of less than all outstanding Loans shall not prevent Lucent from subsequently delivering a Refinancing Notice requiring the refinancing of additional Loans provided only that the aggregate outstanding principal amount of Lucent Loans equals or exceeds \$500,000,000 at the time any Refinancing Notice is given. Any failure or delay by Lucent in giving a Refinancing Notice when it is entitled to do so shall not be construed as a waiver of Lucent's rights to give Refinancing Notices. It is understood that, if a Refinancing Notice

requires that all outstanding Loans be refinanced the Borrowers shall be deemed not to have satisfied such requirement until there are no Loans outstanding

(b) Subject to paragraph (c) below, during any Refinancing Period the Applicable Margin with respect to all outstanding Loans will be increased by 2.0% per annum. In addition, during any Refinancing Period Borrowings will be permitted only for the purpose of making payments of the Purchase Price of Lucent Products except that Third Party Products purchased by the Designated Borrower pursuant to the Supply Agreement may be financed during a Refinancing Period to the extent that, for any applicable Borrowing, the Purchase Price of such Third Party Products does not exceed the greater of (i) the maximum non-Lucent content percentage allowed under the Supply Agreement in relation to the Purchase Price of the Lucent Products financed by the same Borrowing or (ii) an amount less than or equal to the Eligible Equipment and Services comprised of Lucent Products purchased under the Supply Agreement after April 15, 2000 and not financed by any Loans hereunder. The foregoing shall not be construed to limit Lucent's other rights and remedies during any Refinancing Period.

(c) If a Refinancing Period has commenced and is continuing but (i) all lending commitments under the Bank Credit Agreement are fully funded (ii) a refinancing of outstanding Loans has occurred subsequent to the date of the Refinancing Notice that resulted in the commencement of such Refinancing Period but such refinancing was insufficient to prepay the required amount of Loans and due solely to adverse market conditions (as determined by Lucent) a refinancing could not be consummated in an amount sufficient to prepay a greater principal amount of outstanding Loans and (iii) the aggregate principal amount of outstanding Loans does not exceed \$250,000,000 after giving effect to such refinancing, then the 2.0% per annum increase in the Applicable Margin during such Refinancing Period (as provided in paragraph (b) above) will not apply to any Loans advanced during the remainder of such Refinancing Period (but shall continue to apply during such Refinancing Period to Loans outstanding prior to satisfaction of the conditions referred to in clauses (i), (ii) and (iii) of this paragraph), provided that (A) the other rights and remedies applicable during a Refinancing Period will continue to apply so long as such Refinancing Period continues and (B) if at any time thereafter during such Refinancing Period the aggregate outstanding principal amount of Lucent Loans equals or exceeds \$500,000,000 and Lucent gives another Refinancing Notice to the Borrowers and the Parent then on and after the Refinancing Trigger Date with respect to such

Refinancing Notice, if a Refinancing Period is continuing, the 2 0% per annum increase in the Applicable Margin specified in paragraph (b) above will apply to all outstanding Loans for the remainder of such Refinancing Period, notwithstanding any subsequent prepayment of Loans that is insufficient to terminate such Refinancing Period and notwithstanding satisfaction of the conditions referred to in clauses (i) (ii) and (iii) of this paragraph

SECTION 2 19 Conversion Notes (a) During any Refinancing Period, Lucent may elect to convert at any time in whole or from time to time in part, the outstanding Lucent Loans to Conversion Notes in accordance with this Section and the Conversion Indenture. In order to effect any such conversion Lucent shall execute and deliver a Conversion Certificate to the Conversion Trustee in accordance with Section 2 02 of the Conversion Indenture. Lucent shall deliver to each of the Borrowers the Parent and the Agents a copy of each Conversion Certificate so delivered to the Conversion Trustee, at the time such Conversion Certificate is so delivered to the Conversion Trustee. Effective upon authentication and delivery by the Conversion Trustee of any Conversion Notes in accordance with Section 2 02 of the Conversion Indenture, Lucent Loans in an aggregate principal amount equal to the principal amount of such Conversion Notes shall be deemed to have been converted to such Conversion Notes for all purposes of the Loan Documents.

(b) On each date on which Lucent Loans are converted to Conversion Notes as provided herein, each Borrower shall pay to the Administrative Agent for distribution to Lucent, all accrued and unpaid interest on its Lucent Loans so converted.

(c) On each occasion that Lucent delivers a Conversion Certificate as contemplated hereby, Lucent shall notify the Administrative Agent and the Borrowers of the specific Lucent Loan or Lucent Loans that are to be converted. If there is more than one Borrower at the time, such notice shall comply with Section 2 21.

(d) Upon any conversion of Lucent Loans to Conversion Notes, the indebtedness of the applicable Borrower or Borrowers represented by the Lucent Loans so converted shall become indebtedness of the Parent as a result of such conversion and shall cease to constitute "Loans" for all purposes of the Loan Documents, and the applicable Borrower or Borrowers shall be released from their liability in respect thereof.

(e) Promptly after the date hereof the Parent shall prepare and file, and prior to the earlier of (i) the date on which the aggregate principal amount (on a cumulative basis) of Loans borrowed hereunder equals or exceeds \$250,000 000 and (ii) September 30, 2000, the Parent shall cause to become effective a registration statement under the Securities Act and thereafter the Parent shall at all times maintain in effect one or more registration statements under the Securities Act with respect to the offering and sale by the Lenders who hold the Lucent Loans (and any underwriters on their behalf) of Conversion Notes in an aggregate principal amount not less than the aggregate principal amount of outstanding Loans. Any such registration statement or registration statements may be shelf registration statements registering the offering and sale of debt and/or equity securities of the Parent so long as any offer and sale of Conversion Notes are covered thereby. Any and all such registration statements shall comply with the requirements of the Conversion Agreement.

SECTION 2.20 Replacement Borrowers and Released Borrowers. (a) Subject to the requirements of this Section and Section 4.04 any corporation or limited liability company that is a Wholly Owned Subsidiary of the Pledgor may become a Borrower hereunder. The Parent shall notify the Agents and the Lenders thereof not less than 10 Business Days prior to the proposed effective date of any such Subsidiary becoming a Borrower. Any such notice shall specify the identity of the proposed Replacement Borrower and the proposed effective date of such proposed Replacement Borrower becoming a Borrower.

(b) Any Replacement Borrower must be a corporation or limited liability company that (i) is Wholly Owned directly by the Pledgor and Wholly Owned indirectly by the Bank Borrower (ii) is organized under the laws of one of the states of the United States of America and (iii) prior to the date of becoming a Borrower hereunder, has not conducted any business or acquired any assets or incurred any Indebtedness or other liabilities (other than liabilities incidental to its organization and existence).

(c) Any proposed addition of a proposed Replacement Borrower as a Borrower hereunder shall be subject to satisfaction of the conditions set forth in Section 4.04 and unless and until such conditions are satisfied no such proposed Replacement Borrower shall become a Borrower hereunder. On the effective date of any such proposed Replacement Borrower becoming a Borrower, such Replacement Borrower shall become a "Borrower" and the "Designated Borrower" for all purposes of the Loan Documents.

(entitled to the full rights and benefits of, and subject to all obligations of, a Borrower hereunder), and the Borrower that was the Designated Borrower prior to such effective date shall cease to be the Designated Borrower for all purposes of the Loan Documents. Without limiting the generality of the foregoing, upon a Replacement Borrower becoming a Borrower hereunder, the previous Designated Borrower shall be deemed to have assigned the Commitments (and all obligations to pay commitment fees hereunder, including fees previously accrued and not yet paid) to such Replacement Borrower, and such Replacement Borrower shall be deemed to have assumed the Commitments (and such obligation to pay commitment fees), with the effect that such Replacement Borrower shall be the only Borrower hereunder that is permitted to borrow additional Loans under Section 2.01 unless and until another Replacement Borrower becomes a Borrower hereunder in accordance with this Section and Section 4.04. When a Borrower ceases to be the Designated Borrower hereunder upon a Replacement Borrower becoming a Borrower as provided herein, such Borrower that is no longer the Designated Borrower shall continue to constitute a Borrower hereunder for all purposes of the Loan Documents and to remain liable as such for all outstanding Loans made to it while it was the Designated Borrower and accrued interest thereon as well as all other obligations of a Borrower hereunder (except as expressly provided above with respect to commitment fees) unless and until such Borrower becomes a Released Borrower as provided herein. It is expressly understood that there shall not be more than two Borrowers hereunder at any time and at any time that there is more than one Borrower hereunder the Borrower that is not the Designated Borrower is referred to herein as the "Second Borrower".

(d) Subject to the requirements of this Section and Section 4.05, a Borrower may become a Released Borrower. The Parent shall notify the Lenders thereof not less than five Business Days prior to the proposed effective date of any Borrower becoming a Released Borrower. Any such notice shall specify the identity of the proposed Released Borrower and the proposed effective date of such Borrower becoming a Released Borrower. A Borrower shall not become a Released Borrower unless and until all conditions set forth in Section 4.05 are satisfied with respect to such Borrower.

(e) Upon the effectiveness of a Borrower hereunder becoming a Released Borrower (1) such Released Borrower shall cease to be a "Borrower" for all purposes of the Loan Documents and shall be released from all liability in respect of the Obligations, (11) the U.S. Security Agreement entered into by the Released Borrower, and any

Foreign Subsidiary Security Agreements entered into by any Foreign Subsidiary Equipment Owner in order to grant security interests in any Collateral financed with Loans made to such Released Borrower shall cease to constitute "Security Agreements" for all purposes of the Loan Documents and, subject to the following provisions of this paragraph, any Liens granted under such Security Agreements shall be released, and (iii) the Capital Stock of such Released Borrower pledged under the Pledge Agreement shall cease to secure the Obligations and, subject to the following provisions of this paragraph, the Collateral Agent shall release such Capital Stock from the lien of the Pledge Agreement, and return to or as directed by the Pledgor the stock certificates representing such Capital Stock, provided that, if required by the Bank Credit Agreement, (A) the Liens granted under the Security Agreements referred to in clause (ii) above shall not terminate but shall be assigned by the Collateral Agent to the Bank Agent to secure the Bank Loans and (B) the Capital Stock of such Released Borrower shall be pledged to secure the Bank Loans (or, if already pledged, shall continue to be pledged to secure the Bank Loans) and the stock certificates representing such pledged Capital Stock shall be delivered to the Bank Agent. It is expressly understood that notwithstanding any contrary provision of any Loan Document any Obligations (contingent or otherwise) of a Borrower other than Loans made to it and accrued interest thereon shall not terminate by reason of such Borrower becoming a Released Borrower, but shall continue to constitute Obligations for all purposes of the Loan Documents and shall be deemed to have been assumed by the Borrower that is the Designated Borrower at the time

SECTION 2 21 Borrower Payment Allocations At any time that there are two Borrowers hereunder

(a) all payments of principal in respect of outstanding Loans (whether in respect of scheduled installments or mandatory or optional prepayments) shall be made solely in respect of, and allocated to repay, outstanding Loans of the Second Borrower until all Loans of the Second Borrower have been fully repaid, then in respect of outstanding Loans of the Designated Borrower provided that (i) the foregoing shall not apply to prepayments pursuant to Section 2 09(c) in respect of a Collateral Trigger Event, which shall be made in respect of and allocated to repay outstanding Loans of the applicable Borrower to whom Loans were made to finance the Collateral affected by such Collateral Trigger Event, and (ii) the foregoing shall not be construed to limit or affect any remedies that may be exercised upon an Event of Default, or to apply to the allocation and distribution of any amounts that may be recovered upon any exercise of remedies including any distributions pursuant to the Security Documents, which shall be distributed as provided therein, and

(b) any conversion of Lucent Loans to Conversion Notes as contemplated by Section 2 19 shall be made solely in respect of outstanding Lucent Loans of the Second Borrower unless and until there are no outstanding Lucent Loans of the Second Borrower then in respect of outstanding Lucent Loans of the Designated Borrower

SECTION 2 22 Mandatory Assignment of Loans

(a) At any time that there are two Borrowers hereunder and any Bank Loans are outstanding, any one or more of the Bank Lenders may purchase all (but not less than all) outstanding Loans of the Second Borrower in accordance with and subject to the requirements of this Section. In order to exercise the rights granted under this Section, the Bank Lender or Bank Lenders exercising such rights shall notify the Administrative Agent and the Borrowers not less than five Business Days prior to the proposed effective date of such purchase which notice shall specify the proposed effective date of such purchase. Upon receipt of any such notice the Administrative Agent shall notify the Lenders thereof.

(b) The obligations of the Lenders to sell and assign Loans pursuant to any exercise by any Bank Lender or Bank Lenders of their rights under this Section shall be subject to the condition that (i) the Administrative Agent

shall have received payment of the purchase price of the outstanding Loans of the Second Borrower in an amount equal to the sum of the principal amount of all outstanding Loans of the Second Borrower as of the date of purchase plus accrued and unpaid interest thereon to the date of purchase plus any amounts that would be required to be paid pursuant to Section 2.14 (determined as if the purchased Loans were being prepaid on the date of purchase) and (ii) subject to paragraph (d) below, the applicable Bank Lender or Bank Lenders shall have entered into arrangements with the Second Borrower and the Parent (and the Parent and the Second Borrower agree to cooperate in concluding such arrangements), reasonably satisfactory to the Administrative Agent, providing for the Loans of the Second Borrower to be evidenced by one or more separate agreements and instruments after giving effect to such purchase. Promptly after receipt thereof the Administrative Agent shall distribute to the applicable Lenders their respective shares of such purchase price.

(c) Subject to paragraph (d) below, upon consummation of the purchase by any Bank Lender or Bank Lenders of the Loans of a Second Borrower in accordance with this Section, such Second Borrower shall become a Released Borrower with the consequences set forth in Section 2.20, except that (i) such Released Borrower shall remain liable for its Loans (ii) the U.S. Security Agreement entered into by such Released Borrower and any Foreign Subsidiary Security Agreements entered into by any Foreign Subsidiary Equipment Owner in order to grant security interests in any Collateral financed with Loans made to such Released Borrower shall continue to secure the Loans of such Released Borrower (but not any Obligations of any other Borrower) and the Collateral Agent shall assign such Security Agreements to or as directed by such Bank Lender or Bank Lenders, (iii) the Capital Stock of such Released Borrower shall continue to secure the Loans of such Released Borrower (but not any Obligations of any other Borrower) and shall be delivered by the Collateral Agent to or as directed by such Bank Lender or Bank Lenders and (iv) the Loans so purchased and accrued interest thereon shall cease to be secured by the remaining Security Documents.

(d) In the event that it is not possible for the applicable Bank Lender or Bank Lenders to conclude the arrangements contemplated by clause (ii) of paragraph (b) above, then the Agents and the Lenders agree to enter into an intercreditor agreement with the Bank Lender or Bank Lenders that desire to purchase the Second Borrower's Loans, which agreement shall provide to such Bank Lender or Bank Lenders (on the one hand) and to the Agents and the Lenders (on the other hand) the same rights and economic benefits

that they would have had if such arrangements had been concluded. Any such intercreditor agreement must be in form and substance reasonably satisfactory to all parties thereto and shall be entered into on the date of consummation of the purchase and sale of Loans of the applicable Second Borrower. If any such intercreditor agreement is entered into, then the Second Borrower shall not become a Released Borrower upon consummation of such purchase and sale of its Loans and paragraph (c) above shall not apply.

(e) This Section 2.22 is intended to be for the benefit of the Bank Lenders and may be enforced by the Bank Agent on their behalf. This Section 2.22 may not be amended without the prior written consent of the Bank Agent. The Parent and the Borrowers acknowledge and agree that (i) any transaction contemplated by this Section 2.22 shall not require their consent or approval and (ii) they do not have any rights under this Section.

ARTICLE III

Representations and Warranties

Each of the Parent and the Borrowers represents and warrants to the Lenders that

SECTION 3.01 Corporate Organization and Power

Each Consolidated Group Member is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization. It has all necessary corporate power to own its property and to carry on its business as now being conducted and is duly licensed or qualified to do business and, if applicable, is in good standing in each jurisdiction in which the character of the properties owned or leased by it therein or in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary except where the failure to be so qualified or to be in good standing, could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. All of the issued and outstanding shares of Capital Stock of each Consolidated Group Member have been duly authorized and validly issued and are fully paid and nonassessable. All such shares owned by any Consolidated Group Member are owned beneficially, and of record free of any Lien except Liens created under the Pledge Agreement or the Bank Credit Documents.

SECTION 3.02 Subsidiaries Schedule 3.02

identifies each direct or indirect Subsidiary of the Parent as of the date hereof and sets forth for each Subsidiary

(i) the jurisdiction of its organization, (ii) the percentage as the case may be (or other ownership interest) of issued and outstanding shares of each class of its Capital Stock owned by each Bank Loan Party and if such percentage is not 100% (excluding directors' qualifying shares as required by law or a similar immaterial number of shares owned by third parties to comply with local shareholder residency requirements outside the United States), (iii) a description of each class of its authorized Capital Stock and the number of shares of each class issued and outstanding and (iv) its status as a Restricted Subsidiary Temporary Restricted Subsidiary Principal Subsidiary, Designated Foreign Subsidiary, Borrower or Unrestricted Subsidiary as the case may be

SECTION 3.03 Corporate Authority Each Loan Party has all necessary corporate power and authority to execute and deliver, and to incur and perform its obligations under, each of the Loan Documents to which it is a party (and in the case of the Parent the Conversion Indenture) all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of stockholders is required as condition to the validity or performance of or the exercise by either Agent, or the lenders of any of their rights or remedies under, any Loan Document.

SECTION 3.04 Binding Obligation Each of the Loan Documents constitutes the valid and legally binding obligation of each Loan Party that is a party thereto, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

SECTION 3.05 Litigation, Labor Controversies. Except as described in Schedule 3.05A hereto there are no proceedings or investigations now pending or to the knowledge of any Responsible Officer threatened against any Consolidated Group Member before any court or arbitrator or before or by any Governmental Authority which, individually or in the aggregate, if determined adversely to the interests of such Consolidated Group Member could reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.05B there are no labor controversies pending or to the best knowledge of any Responsible Officer, threatened against any Consolidated Group Member that could reasonably be expected individually or in the aggregate, to have a Material Adverse Effect.

SECTION 3 06 Governmental Approvals, No Conflicts (a) All authorizations, consents, approvals, registrations, notices, exemptions and licenses with or from any Governmental Authority or other Person necessary for the execution, delivery and performance by each Loan Party of, and the Incurrence and performance of each of its obligations under, each of the Loan Documents to which such Loan Party is a party (and, in the case of the Parent, the Conversion Indenture) and the exercise by the Agents and the Lenders of their remedies under each of the Loan Documents have been effected or obtained and are in full force and effect except (i) filings necessary to perfect Liens created under the Security Documents, (ii) consents from any Governmental Authority with respect to transfers of control of Telecommunications Licenses and (iii) consents from any Governmental Authority or Person the absence of which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect

(b) There is no statute regulation, rule, order or judgment, and no provision of any agreement or instrument binding upon any Consolidated Group Member or affecting its Properties and no provision of the certificate of incorporation or by-laws (or similar constitutive instruments) of any Consolidated Group Member, that would prohibit, conflict with or in any way impair the execution or delivery of or the Incurrence or performance of any obligations of any Consolidated Group Member under, any Loan Document (other than dollar limitations on Incurrence of Indebtedness) or result in or require the creation or imposition of any Lien on Property of any Consolidated Group Member as a consequence of the execution delivery and performance of any Loan Document other than as otherwise provided therein

SECTION 3 07 Financial Condition (a) The consolidated balance sheets of the Parent as of December 31, 1998 and 1999, together with consolidated statements of income, retained earnings paid-in capital and surplus and cash flows for the fiscal year then ended, reported upon by Grant Thornton LLP heretofore delivered to the Administrative Agent and the Lenders, fairly present the Parent's consolidated financial condition and consolidated results of operations and transactions in capital accounts as of the dates and for the periods referred to and have been prepared in accordance with GAAP consistently applied throughout the period involved There are no material liabilities (whether known or unknown, direct or indirect, fixed or contingent, and of any nature whatsoever) of the Consolidated Group on a consolidated basis as of the date of

such balance sheet that are not reflected therein or in the notes thereto

(b) Except as provided in Schedule 3 07, there has been no event or circumstance that has had a Material Adverse Effect since December 31 1999

SECTION 3 08 Taxes. Each Consolidated Group Member has filed or caused to be filed all material tax returns that are required to be filed and paid and discharged material taxes that are shown to be due and payable on said returns or on any assessment made against it or any of its property and all other taxes, assessments or other governmental charges, imposed on it or any of its property by any Governmental Authority, except to the extent that (a)(i) such taxes, assessments and governmental charges which are being contested in good faith and by appropriate proceedings and (ii) adequate reserves are being maintained (in accordance with GAAP) or (b) any failure to file such tax returns or to pay and discharge such taxes, assessments or governmental charges could not reasonably be expected to result in a Material Adverse Effect. No notices of tax liens have been filed and no claims are being asserted concerning any such taxes which liens or claims could reasonably be expected, individually or in the aggregate to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Parent and its Subsidiaries on a consolidated basis for any taxes or other governmental charges are adequate

SECTION 3 09 Margin Regulations, Margin Stock None of the Consolidated Group Members is engaged principally or as one of its primary activities, in the business of extending credit for the purpose of purchasing or carrying margin stock

SECTION 3 10 Compliance with ERISA Each member of the ERISA Group is in compliance with the applicable provisions of ERISA and the Code with respect to each Plan except for any failure so to comply that, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. No member of the ERISA Group has (i) an accumulated funding deficiency under Section 412 of the Code in respect of any Pension Plan whether or not waived, (ii) failed to make any contribution or payment to any Pension Plan, or made any amendment to any Pension Plan, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under Section 302(f) of ERISA or Section 401(a)(29) of the Code, (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007

of ERISA, all of which have been paid or (iv) engaged in a transaction with respect to a Plan, which (assuming the taxable period of such transaction, within the meaning of Section 4975(f)(2) of the Code, to have expired as of the date hereof) has resulted or could reasonably be expected to result in such member being subject to a material tax or penalty imposed by Section 4975 of the Code or Section 502 of ERISA. As of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all benefit liabilities (as determined on the basis of the actuarial assumptions contained in the most recent actuarial valuation) did not exceed the then fair market value of the assets of any Pension Plan by more than \$25.0 million, and there has been no material change in the financial condition of any Pension Plan since the last day of the most recent plan year. No member of the ERISA Group has incurred any withdrawal liability under Part I of Subtitle B of Title IV of ERISA with respect to a Multiemployer Plan in an amount in excess of \$25.0 million, nor has any member of the ERISA Group received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated where such reorganization or termination has had or could reasonably be expected to have, through increases in the contributions required to be made or otherwise, a Material Adverse Effect.

SECTION 3.11 Investment Company and Holding Company Status. None of the Consolidated Group Members is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (ii) subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, each as amended or any foreign, federal, state or local statute or regulation limiting its ability to incur indebtedness for money borrowed as contemplated hereby.

SECTION 3.12 Properties and Licenses. (a) On the date hereof, excluding the licenses described in Section 3.13 (and other spectrum or broadcasting licenses that are not Telecommunications Licenses), each Consolidated Group Member has good and marketable title to, or valid leasehold interests in, all of its properties and assets that are reflected on the consolidated balance sheet of the Parent as of December 31, 1999, referred to in Section 3.07(a), except for such immaterial properties and assets as have been disposed of in the ordinary course of business and except for minor defects in title that do not

interfere with the ability of such Consolidated Group Member to conduct its business as now conducted. All such assets and properties are so owned or held free and clear of all Liens, except Permitted Liens.

(b) Each Consolidated Group Member owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by such Consolidated Group Member does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(c) Each Consolidated Group Member has all licenses and permits that are material to the business of such Consolidated Group Member. Each license or permit that is material to the business of such Consolidated Group Member is valid and in full force and effect and such Consolidated Group Member is in compliance in all material respects with the terms and conditions thereof.

SECTION 3.13 Telecommunications Business and Telecommunications Licenses. (a) The Parent and its Subsidiaries are in compliance in all material respects with the Communications Act and with all applicable rules, regulations and policies of the FCC.

(b) Each Consolidated Group Member has disclosed on Schedule 3.13A a complete and accurate list of (i) all 38 and 28 GHz spectrum licenses and (ii) all other licenses, the loss of which could reasonably be expected to result in a Material Adverse Effect on a consolidated basis issued by the FCC and held as of the date hereof by such Consolidated Group Member (the "Telecommunications Licenses"). All of the Telecommunications Licenses are currently valid and in full force and effect. No Responsible Officer has knowledge or could have reasonably been expected to have knowledge of any investigation, notice of apparent liability violation, forfeiture or other order or complaint issued by or before any court or regulatory body, including the FCC or of any other proceedings (other than FCC rulemaking proceedings and other proceedings relating to the wireless communications industry generally) which could in any manner materially threaten or adversely affect the validity or continued effectiveness of any of the Telecommunications Licenses, except as disclosed on Schedule 3.13B.

(c) Except as disclosed on Schedule 3.13B, no event has occurred which (i) results in or after notice or lapse of time or both would result in, revocation,

suspension, modification, non-renewal, impairment, restriction or termination of or order of forfeiture with respect to, any Telecommunications License the loss of which could reasonably be expected to have a Material Adverse Effect or (ii) materially and adversely affects or could reasonably be expected in the future to materially adversely affect any of the rights of any Consolidated Group Member thereunder

(d) Each Consolidated Group Member has duly filed in a timely manner all material filings, reports, applications documents instruments and information required to be filed by them under the Communications Act and all such filings are true and complete in all material respects

(e) Each Consolidated Group Member has no reason to believe that any of the Telecommunications Licenses will not be renewed in the ordinary course

SECTION 3 14 Investments Schedule 3 14 discloses a complete and accurate list of all Investments of each Consolidated Group Member existing on the date hereof

SECTION 3 15 Compliance with Laws and Charter Documents (a) None of the Consolidated Group Members is or as a result of performing any of its obligations under the Loan Documents will be in violation in any material respect of (i) any law statute, rule, regulation or order of any Governmental Authority (including Environmental Laws) applicable to it or its material properties or assets or (ii) its certificate of incorporation by-laws or any similar constitutive document

(b) Each Consolidated Group Member has all necessary authorizations, consents approvals, registrations franchises, licenses and permits with or from Governmental Authorities and other Persons for it to own its properties and conduct its business as currently conducted and contemplated, except to the extent failure to have the same could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect

SECTION 3 16 Environmental Protection. To any Responsible Officer's knowledge or based on any knowledge such Responsible Officer could reasonably be expected to have all real property owned or leased by such Consolidated Group Member is free of contamination from any Hazardous Substance or a constituent thereof that could result in the incurrence of liabilities that would reasonably be expected to have a Material Adverse Effect To any

Responsible Officer's knowledge or based on any knowledge such Responsible Officer could reasonably be expected to have, no such Consolidated Group Member has caused or suffered to occur any release of any Hazardous Substance into the environment or any other conditions that individually or in the aggregate, could reasonably be expected to result in the incurrence of material liabilities or any material violations of any Environmental Laws that would reasonably be expected to have a Material Adverse Effect To any Responsible Officer's knowledge or based on any knowledge such Responsible Officer could reasonably be expected to have, no such Consolidated Group Member has caused or suffered to occur any condition on any of its property that could give rise to the imposition of any lien under the Environmental Laws that would reasonably be expected to have a Material Adverse Effect To any Responsible Officer's knowledge or based on any knowledge such Responsible Officer could reasonably be expected to have, no Consolidated Group Member is engaged in any manufacturing or any other operations other than the use and storage in the ordinary course of their business of petroleum products and amounts of Hazardous Substances customarily used in the maintenance of office buildings and used for provision of Telecommunications Business that require the use, handling, transportation, storage or disposal of any Hazardous Substance, where such operations require permits or are otherwise regulated pursuant to the Environmental Laws

SECTION 3 17 Insurance All of the properties and operations of each Consolidated Group Member of a character usually insured by companies of established reputation engaged in the same or a similar business similarly situated are adequately insured by financially sound and reputable insurers against loss or damage of the kinds and in amounts customarily insured against by such Persons, and each Consolidated Group Member carries, with such insurers in customary amounts as is usually carried by companies of established reputation engaged in the same or a similar business similarly situated except for self insurance (including deductibles) maintained in accordance with customary norms

SECTION 3 18 Compliance with Agreements None of the Consolidated Group Members is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation to which it is a party, which default could reasonably be expected, individually or in the aggregate to have a Material Adverse Effect

SECTION 3 19 Full Disclosure All information (other than projections budgets, and analysts' reports) relating to any Consolidated Group Member delivered in writing to either Agent or any Lender in connection with the negotiation, execution and delivery of this Agreement and the other Loan Documents does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date such information was delivered. The most recent projections and budgets for the Consolidated Group delivered to either Agent or any Lender prior to the date hereof have been prepared in good faith on assumptions believed to be reasonable with respect to such Consolidated Group Member on March 31, 2000

SECTION 3 20 Supply Agreement The Supply Agreement is in full force and effect. The Parent and the Borrowers (a) are in compliance in all material respects with the terms and conditions of the Supply Agreement and (b) have not terminated nor taken any action which could result in the termination of, the Supply Agreement (except during the Disengagement Period, as defined in the Supply Agreement)

SECTION 3 21 Security Documents The representations and warranties in the Security Documents are true and correct

ARTICLE IV

Conditions

SECTION 4 01 Effective Date The Commitments of the Lenders hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9 02)

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Agents and the Lenders, dated the Effective Date and addressing such matters relating to the Loan Parties,

the Loan Documents and the Transactions as the Administrative Agent shall reasonably request in each case in form and substance reasonably satisfactory to the Administrative Agent) of each of (i) Graubard Mollen & Miller counsel for the Parent and the Initial Borrower, (ii) Shearman & Sterling counsel for the Parent and the Initial Borrower, and (iii) Willkie Farr & Gallagher special FCC counsel for Parent and the Initial Borrower. The Parent and the Initial Borrower hereby request their counsel referred to in this paragraph to deliver such opinions

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization existence and good standing of the Loan Parties the authorization of the Transactions and any other legal matters relating to the Loan Parties, the Loan Documents or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel. The organizational documents of the Initial Borrower shall require that all its Capital Stock be evidenced by certificates

(d) The Agents and Lucent shall be satisfied that all fees and other amounts due and payable to them hereunder on or prior to the Effective Date, including, to the extent invoiced reimbursement or payment of all expenses required to be reimbursed or paid by the Initial Borrower hereunder or under any other Loan Document have been paid

(e) The Administrative Agent shall have received counterparts of the Guarantee Agreement signed on behalf of each Guarantor

(f) The Collateral Agent shall have received counterparts of the U S Security Agreement signed on behalf of the Initial Borrower

(g) The Collateral Agent shall have received (i) counterparts of the Pledge Agreement signed on behalf of the Pledgor and (ii) certificates evidencing all the outstanding shares of Capital Stock of the Initial Borrower together with stock powers or other instruments of transfer with respect thereto endorsed in blank

(h) A restructuring of the corporate holdings of the Parent resulting in (i) the Bank Borrower being directly wholly owned by the Parent (ii) except as set

forth on Schedule 4 01, (A) the Bank Borrower replacing the Parent as the direct or indirect parent of all the Parent's Subsidiaries and (B) the Parent's ownership of all such Subsidiaries being indirect and solely through the Parent's ownership of the Bank Borrower, and (iii) the Initial Borrower being directly wholly owned by the Pledgor shall have taken place on terms reasonably satisfactory to the Administrative Agent and the Lenders

(i) The Bank Credit Documents shall have been executed and delivered by the parties thereto and copies thereof shall have been delivered to the Administrative Agent, together with a certificate dated the Effective Date and signed by a Vice President or a Financial Officer of the Parent, to the effect that true and complete copies of all the Bank Credit Documents have been so delivered. The terms and conditions of the Bank Credit Documents shall be reasonably satisfactory to Lucent. All conditions to the availability of loans under the Bank Credit Agreement shall have been satisfied and the initial borrowing of loans thereunder shall have been made

(j) All loans outstanding under the Existing Credit Agreement together with accrued and unpaid interest thereon and all accrued and unpaid fees and any other payment obligations owing under the Existing Credit Agreement shall have been paid in full and all "Commitments" (as defined in the Existing Credit Agreement) shall have been terminated

(k) The Lenders shall have received the certificate of the Chief Financial Officer of the Parent required under the indentures governing the Bond Notes

The Administrative Agent shall notify the Initial Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding

SECTION 4 02 First Borrowing. The obligations of the Lenders to make the initial Loans hereunder on the occasion of the first Borrowing are subject to the satisfaction of the following conditions, in addition to those set forth in Section 4 03

(a) The Effective Date shall have occurred

(b) Lucent shall have received counterparts of the Conversion Indenture and the Conversion Agreement,

signed on behalf of each party thereto All arrangements for the issuance of Conversion Notes (including delivery to the Conversion Trustee of the Securities Authentication Order (as defined in the Conversion Indenture) and Conversion Notes duly executed on behalf of the Parent in an aggregate principal amount of \$2,000,000,000) shall have been completed in a manner reasonably satisfactory to Lucent

(c) The Administrative Agent shall have received a certificate, dated the date of the first Borrowing and signed by the President, a Vice President or a Financial Officer of each of the Parent and the Initial Borrower confirming compliance with the conditions set forth in Section 4.03

(d) The Agents and Lucent shall be satisfied that all fees and other amounts due and payable to them hereunder on or prior to the date of the first Borrowing including to the extent invoiced, reimbursement or payment of all expenses required to be reimbursed or paid by the Initial Borrower hereunder or under any other Loan Document, have been paid

(e) The Collateral Agent shall have received counterparts of an Equipment User Agreement or other document contemplated by Section 6.13, in either case signed on behalf of the initial Equipment User or Users

(f) The Agents shall have received evidence reasonably satisfactory to them that all documents and instruments including Uniform Commercial Code financing statements, required by law or reasonably requested by either Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the U.S. Security Agreement entered into by the Initial Borrower and to protect the Initial Borrower's ownership interest in (and the Lien of such U.S. Security Agreement on) all Collateral that will be leased to or otherwise possessed by any initial Affiliated Equipment User, have been so filed registered or recorded

(g) The Agents shall have received a completed Perfection Certificate dated the date of the first Borrowing and signed by a Financial Officer of the Initial Borrower together with all attachments contemplated thereby including (i) the results of a search of the Uniform Commercial Code (or equivalent)

filings made with respect to the Initial Borrower in the jurisdictions contemplated by the Perfection Certificate and (ii) copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Agents that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6 03 or have been released

(h) The Administrative Agent shall have received evidence reasonably satisfactory to it that the insurance required by Section 5 05 and the U S Security Agreement is in effect and that the Collateral Agent has been named as an additional insured and loss payee under all insurance policies to be maintained with respect to the properties of any Borrower or any Foreign Subsidiary Equipment Owner constituting Collateral

(i) As of the date of the first Borrowing, all funding commitments in respect of all other credit facilities of the Parent and its Subsidiaries including all commitments under the Bank Credit Agreement shall be fully drawn and the Administrative Agent shall have received a certificate to such effect dated the date of such Borrowing and signed by a Financial Officer of the Parent

SECTION 4 03 Each Borrowing The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions

(a) At the time of and immediately after giving effect to such Borrowing the representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct (or, in the case of any representation or warranty that is not qualified as to materiality, true and correct in all material respects) on and as of the date of such Borrowing (or in the case of any representation and warranty that expressly relates to an earlier date on and as of such earlier date)

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing

(c) At the time of and immediately after giving effect to such Borrowing, the Supply Agreement shall be in full force and effect and the Parent and the

Borrowers shall be in compliance therewith in all material respects

(d) At the time of and immediately after giving effect to such Borrowing the Parent shall be in compliance with its obligations under Section 2 19, if applicable, with respect to the Shelf Registration

(e) If any portion of such Borrowing is to be used to finance all or any part of the Purchase Price of any assets that have been or are being acquired by or transferred to a Foreign Subsidiary Equipment Owner as contemplated by Section 6 13, then all arrangements with respect thereto contemplated by Section 6 13 shall have been completed

Each Borrowing shall be deemed to constitute a representation and warranty by the Designated Borrower on the date thereof as to the matters specified in paragraphs (a) (b) (c), (d) and, if applicable, (e) of this Section

SECTION 4 04 Replacement Borrower The effectiveness of any addition of a proposed Replacement Borrower as a Borrower hereunder as contemplated by Section 2 20 is subject to the satisfaction of the following conditions

(a) The Administrative Agent shall have received from such Replacement Borrower an instrument signed on behalf of such Replacement Borrower and reasonably satisfactory in form and substance to the Administrative Agent and its counsel pursuant to which such Replacement Borrower shall agree to become a Borrower and the Designated Borrower hereunder and to assume all obligations of a Borrower and the Designated Borrower hereunder

(b) The Administrative Agent shall have received favorable written opinions (addressed to the Agents and the Lenders dated the effective date of such Replacement Borrower becoming a Borrower and addressing such matters relating to the Loan Parties the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, in each case in form and substance reasonably satisfactory to the Administrative Agent) of counsel to the Parent and such Replacement Borrower (which counsel shall be reasonably satisfactory to the Administrative Agent)

(c) Such Replacement Borrower shall be a recently organized limited purpose corporation or limited

liability company that, prior to the effective date of becoming a Borrower hereunder shall not have engaged in any business or activity, acquired any assets (other than cash) or incurred any liabilities (other than liabilities incidental to its organization and existence)

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization existence and good standing of such Replacement Borrower, the authorization of the Transactions and any other legal matters relating to such Replacement Borrower, the Loan Documents or the Transactions all in form and substance reasonably satisfactory to the Administrative Agent and its counsel. If such Replacement Borrower is a limited liability company, its organizational documents shall require that all its Capital Stock be evidenced by certificates

(e) The Administrative Agent shall have received written confirmation from the Guarantors that their Guarantees under the Guarantee Agreement shall continue to apply to the Obligations of such Replacement Borrower

(f) The Collateral Agent shall have received counterparts of a U S Security Agreement signed on behalf of such Replacement Borrower

(g) The Collateral Agent shall have received certificates evidencing all the outstanding shares of Capital Stock of such Replacement Borrower, together with stock powers or other instruments of transfer with respect thereto endorsed in blank, in accordance with the Pledge Agreement

(h) The Administrative Agent shall have received a certificate dated the effective date of such Replacement Borrower becoming a Borrower and signed by the President a Vice President or a Financial Officer of each of the Parent and such Replacement Borrower, to the effect that, after giving effect to such replacement, the representations and warranties of the Loan Parties set forth in the Loan Documents are true and correct (or in the case of any representation or warranty that is not qualified as to materiality true and correct in all material respects) on and as of such effective date (or, in the case of any representation and warranty that expressly relates to an earlier date

on and as of such earlier date) and no Default has occurred and is continuing

(i) The conditions set forth in paragraphs (e) (f), (g) and (h) of Section 4 02 shall have been satisfied as of the effective date of such Replacement Borrower becoming a Borrower, determined for this purpose as though such Replacement Borrower were the Initial Borrower and as though such effective date were the date of the first Borrowing hereunder

(j) On the effective date of such Replacement Borrower becoming a Borrower and after giving effect thereto, and after giving effect to any repayments of Loans made on such date and any existing Borrower becoming a Released Borrower on such date (i) there shall not be more than two Borrowers and (ii) if there is a Second Borrower, then a Replacement Trigger Event shall have occurred with respect to such Borrower on or prior to such date

SECTION 4 05 Released Borrower The effectiveness of any Borrower becoming a Released Borrower as contemplated by Section 2 20 is subject to the satisfaction of the following conditions

(a) As of the effective date of such Borrower becoming a Released Borrower, such Borrower shall not have any outstanding Loans and shall have paid all accrued interest owed with respect to its Loans

(b) On the effective date of such Borrower becoming a Released Borrower and after giving effect thereto, and after giving effect to any Replacement Borrower becoming a Borrower on such date, there shall be a Designated Borrower hereunder

(c) No Event of Default shall have occurred and be continuing

(d) The Bank Credit Agreement shall be in effect and it is necessary for such Borrower to become a Released Borrower in order for the Bank Loan Parties to comply with their obligations thereunder

The conditions set forth in this Section shall not apply to a Second Borrower becoming a Released Borrower in accordance with Section 2 22

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each loan and all fees payable hereunder shall have been paid in full each of the Parent and the Borrowers covenants and agrees with the Lenders that

SECTION 5.01 Financial Statements, Compliance Certificates. The Parent and the Borrowers will furnish to the Administrative Agent

(a) in no event more than 55 days following the end of each of the first three quarters of each fiscal year copies of the Parent's Quarterly Report on Form 10-Q being filed with the SEC

(b) in no event more than 55 days following the end of each of the first three quarters of each fiscal year, copies of the consolidated quarterly income statements and consolidated balance sheets for the Consolidated Group Members

(c) in no event more than 105 days following the end of each fiscal year a copy of the Parent's Annual Report on Form 10-K being filed with the SEC, together with a report thereon by Grant Thornton LLP (or another nationally recognized firm of independent certified public accountants) for such year as well as a letter from Grant Thornton LLP (or another nationally recognized firm of independent certified public accountants) to the effect that during the course of their audit they reviewed this Agreement and nothing came to their attention indicating a Default hereunder,

(d) in no event more than 105 days following the end of each fiscal year, copies of the consolidated annual income statements and consolidated balance sheets for the Consolidated Group Members,

(e) together with each report delivered pursuant to Sections 5.01(a) and (b), a certificate of the Bank Borrower, signed by an authorized officer of the Bank Borrower, in substantially the form of Exhibit J stating whether as of the last date of the financial statements included in such report, any event occurred or circumstance existed which, individually or in the aggregate, constituted a Default (and, if so, detailing the facts with respect thereto) and whether each of the

Consolidated Group Members was in compliance with the covenants set forth herein, together with calculations to establish the Consolidated Group Members' compliance with the covenants contained in Sections 6 07, 6 08, 6 09 and 6 10

(f) promptly upon the filing by the Parent with the SEC or any national securities exchange of any registration statement (other than a registration statement on Form S-8 or an equivalent form) or regular periodic report (other than the reports referred to in Sections 5 01(a) and (b)) notification of such filing and at the request of any Lender the Loan Parties shall deliver to such Lender a copy of such filing (excluding exhibits),

(g) promptly upon the mailing thereof to the shareholders of the Parent generally copies of all financial statements, reports and proxy statements so mailed,

(h) within five Business Days of any Responsible Officer obtaining knowledge of any Default, if such Default is then continuing, a certificate of a Responsible Officer stating that such certificate is a "Notice of Default" and setting forth the details thereof and the action which the Consolidated Group Member is taking or proposes to take with respect thereto and

(i) such additional information, reports or statements, regarding the business financial condition or results of operations of the Parent and its Subsidiaries as the Administrative Agent on behalf of itself or the Lenders from time to time may reasonably request provided so long as there is no Default that such information shall be reasonably available to the Consolidated Group

SECTION 5 02 Corporate Existence. Except as permitted by Section 6 02, each Consolidated Group Member shall maintain its corporate existence in good standing (if applicable) and qualify and remain qualified to do business in each jurisdiction in which the character of the properties owned or leased by it therein or in which the transaction of its business is such that the failure to qualify individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect

SECTION 5 03 Conduct of Business. Each Consolidated Group Member shall (a) cause the Consolidated

Group Members as a whole to receive not less than 95% of their operating revenue on a consolidated basis for the Consolidated Group during any fiscal year from the conduct of Telecommunications Business, (b) preserve, renew and keep in full force and effect, all of its franchises and licenses necessary or desirable in the normal conduct of its business the loss of which, individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, and (c) comply with all applicable laws, orders, rules and regulations of all Governmental Authorities the failure with which so to comply individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect

SECTION 5 04 Taxes Each Consolidated Group Member shall file all material tax returns that are required to be filed and pay and discharge all material taxes, assessments and governmental charges upon it, its income and its properties prior to the date on which penalties are attached thereto, except to the extent that (a) (i) such taxes, assessments and governmental charges shall be contested in good faith and by appropriate proceedings by a Consolidated Group Member and (ii) adequate reserves are maintained (in accordance with GAAP) by the Consolidated Group with respect thereto or (b) any failure to file such tax returns or to pay and discharge such taxes, assessments and governmental charges could not reasonably be expected individually or in the aggregate to have a Material Adverse Effect

SECTION 5 05 Insurance Each Consolidated Group Member shall (a) maintain adequate insurance on all of the properties and operations of a character usually insured by companies of established reputation engaged in the same or a similar business similarly situated by financially sound and reputable insurers, against loss or damage of the kinds and in amounts customarily insured against by such Persons, and carry with such insurers in customary amounts as is usually carried by companies of established reputation engaged in the same or a similar business similarly situated except for self insurance (including deductibles) maintained in accordance with customary norms and (b) provide evidence that to the extent required by either Agent that the Collateral Agent for its benefit and the benefit of the Secured Parties (as defined in the Security Agreements) has been named as loss payee by endorsement to the policies for casualty insurance with respect to the Collateral

SECTION 5 06 Inspection Each Consolidated Group Member shall permit the Agents and the Lenders to have one or more of their officers and employees, or any other Person designated by either Agent or any Lender, to visit

and inspect any of the properties of the Consolidated Group and to examine the minute books, books of account and other records of the Consolidated Group, and discuss its affairs finances and accounts with its officers and with the Consolidated Group's independent accountants, upon reasonable advance notice during normal business hours and, so long as no Default has occurred and is continuing not more than twice in any calendar year, and at the Lenders' expense, for the purpose of monitoring each of the Consolidated Group Member's compliance with the Loan Documents

SECTION 5 07 Maintenance of Records Each Consolidated Group Member shall (a) keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs (b) set up on its books reserves with respect to all taxes assessments, charges reviews and claims and (c) on a current basis, set up on its books, from its earnings, appropriate reserves against doubtful accounts receivable, advances and investments and all other proper reserves (including by reason of enumeration reserves for premiums if any, due on required prepayments and reserves for depreciation, obsolescence, or amortization of properties), which should be set aside from such earnings in connection with its business (All bookkeeping requirement determinations pursuant to this Section 5 07 shall be made in accordance with, or as required by GAAP (including principles as to materiality) consistently applied in the opinion of the independent auditors regularly engaged by the Consolidated Group)

SECTION 5 08 Maintenance of Property. Each Consolidated Group Member shall maintain, keep and preserve all of its properties in good repair working order and condition and from time to time make all necessary and proper repairs, renewals, replacements, and improvements thereto, except to the extent that any failure so to maintain keep and preserve such properties individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect

SECTION 5 09 ERISA The Parent and the Borrowers shall furnish to the Administrative Agent

(a) within ten days after a Responsible Officer learns that any "reportable event" (as defined in Section 4043(c) of ERISA) other than a reportable event for which the 30-day notice requirement has been waived by the PBGC, has occurred with respect to a Pension Plan, a statement setting forth details as to such reportable event and the action proposed to be taken with respect thereto,

(b) within ten days after receipt thereof, a copy of any notice that any member of the ERISA Group may receive from the PBGC relating to the intention of the PBGC to terminate any Pension Plan or to appoint a trustee to administer any Plan

(c) within ten days after filing with any affected party (as such term is defined in Section 4001 of ERISA) of a notice of intent to terminate a Pension Plan, a copy of such notice and a statement setting forth the details of such termination, including the amount of liability if any of any member of the ERISA Group under Title IV of ERISA,

(d) within ten days after the adoption of an amendment to a Pension Plan if after giving effect to such amendment the Pension Plan is a plan described in Section 4021(b) of ERISA a statement setting forth the details thereof

(e) within 30 days after withdrawal from a Pension Plan during a plan year for which any member of the ERISA Group could be subject to liability under Section 4063 or 4064 of ERISA a statement setting forth the details thereof including the amount of such liability,

(f) within 30 days after cessation of operations by any member of the ERISA Group at a facility under the circumstances described in Section 4062(e) of ERISA, a statement setting forth the details thereof including the amount of liability of the Bank Borrower or a member of the ERISA Group under Title IV of ERISA,

(g) within ten days after adoption of an amendment to a Pension Plan which would require security to be given to the Pension Plan pursuant to Section 401(a) (29) of the Code or Section 307 of ERISA,

a statement setting forth the details thereof, including the amount of such security

(h) within ten days after failure by any member of the ERISA Group to make payment to a Pension Plan which would give rise to a lien in favor of the Plan under Section 302(f) of ERISA, a statement setting forth the details thereof, including the amount of such lien,

(i) within ten days after the due date for filing with the PBGC, pursuant to Section 412(n) of the Code, of a notice of failure to make a required installment or other payment with respect to a Pension Plan, a statement setting forth details as to such failure and the action proposed to be taken with respect thereto, and

(j) within 30 days after receipt thereof by any member of the ERISA Group from the sponsor of a Multiemployer Plan a copy of each notice concerning the imposition of withdrawal liability or the termination or reorganization of a Multiemployer Plan

SECTION 5 10 Notice of Adverse Developments.

The Parent and the Borrowers shall promptly notify the Administrative Agent upon the discovery by any Responsible Officer of the occurrence of (a) any material litigation or proceedings that are instituted or threatened (to the knowledge of the Responsible Officer) against any Consolidated Group Member or any of their respective assets including the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Consolidated Group Member that, if adversely determined could reasonably be expected to result in a Material Adverse Effect (b) any other development in the business or affairs of any Consolidated Group Member if the effect thereof would reasonably be expected, individually or in the aggregate to have a Material Adverse Effect (other than events generally applicable to all Persons engaged in similar businesses) (c) any Collateral Trigger Event, and (d) any Prepayment Event (Upon receipt, the Administrative Agent shall promptly advise each Lender of the contents of any such notice)

SECTION 5 11 Environmental Matters Each

Consolidated Group Member shall (a) comply in all material respects with all applicable Environmental Laws, (b) notify the Administrative Agent promptly after becoming aware of any Environmental Claim, or any fact or circumstance that is

reasonably likely to result in an Environmental Claim or a violation of any Environmental Law that would reasonably be expected to have a Material Adverse Effect, with respect to the Consolidated Group's properties or facilities, and (c) promptly forward to the Administrative Agent a copy of any order, notice permit, application, or any other communication or report received in connection with any such matters as they may affect such premises that would reasonably be expected to have a Material Adverse Effect

SECTION 5 12 Interest Rate Protection Within 90 days after the Effective Date, the Consolidated Group Members shall maintain at all times (if necessary) one or more Interest Rate Agreements in form and substance reasonably satisfactory to the Administrative Agent (provided that no approval by the Administrative Agent shall be required if the Bank Agent's approval thereof shall have been obtained) to ensure that the interest rate on not less than 50% of the aggregate principal amount of outstanding Indebtedness (other than Hedging Obligations) of the Consolidated Group on a consolidated basis be fixed or capped (whether under the terms thereof or after giving effect to such Hedging Obligations) for an Average Life of not less than three (3) years

SECTION 5 13 Measurement Date The Parent shall provide to the Administrative Agent on or after January 1 2003 a certificate signed by an authorized officer of the Bank Borrower specifying the ratio of Consolidated Total Debt to Consolidated Annualized EBITDA within one Business Day after (a) the date a Borrowing Request is submitted by the Designated Borrower and (b) the date the fiscal quarterly and annual reports of the Parent are required to be delivered or are delivered to the Administrative Agent pursuant to Section 5 01 (each such date a "Measurement Date")

SECTION 5 14 Information Regarding Collateral
 (a) The Borrowers will furnish to each Agent prompt written notice of any change (i) in any Borrower's, any Affiliated Equipment User's or any Foreign Subsidiary Equipment Owner's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of any Borrower's, any Affiliated Equipment User's or any Foreign Subsidiary Equipment Owner's chief executive office its principal place of business or any material asset constituting Collateral (other than the installation of any asset constituting Collateral in a jurisdiction in the United States of America in which all Uniform Commercial Code financing statements (including subject to the

qualifications described in paragraph (c) below, fixture filings if applicable) and other appropriate filings, recordings or registrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in such jurisdiction to the extent necessary to perfect the security interests under each U S Security Agreement (including if applicable, each Borrower's ownership interest in any Collateral leased to or otherwise possessed by any Affiliated Equipment User) (iii) in any Borrower's, any Affiliated Equipment User's or any Foreign Subsidiary Equipment Owner's identity or corporate structure or (iv) in any Borrower's or any Affiliated Equipment User's Federal Taxpayer Identification Number. The Parent and the Borrowers agree not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid legal and perfected security interest in all the Collateral.

(b) Each year, at the time of delivery of annual financial statements for the Parent with respect to the preceding fiscal year pursuant to Section 5.01, each Borrower shall deliver to each Agent a certificate of a Financial Officer of the Parent or each Borrower (i) setting forth the information required pursuant to Sections 1 and 2 of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the date of the first Borrowing or the date of the most recent certificate delivered pursuant to this Section (ii) certifying that all Uniform Commercial Code financing statements (including, subject to the qualifications described in paragraph (c) below, fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (i) above to the extent necessary to protect and perfect the security interests under the Security Agreements (including each Borrower's ownership interest in any Collateral leased to or otherwise possessed by any Affiliated Equipment User) for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period) and (iii) setting forth based on advice of counsel in each jurisdiction where any Financed Foreign Subsidiary Assets are located all filings, recordings and registrations, including refilings, rerecordings and reregistrations that

will be necessary in each such jurisdiction during the period of 18 months after the date of such certificate in order to maintain the effectiveness and perfection of all Liens granted under all Foreign Subsidiary Security Agreements

(c) Notwithstanding the foregoing no fixture filing shall be required with respect to Collateral constituting fixtures at a single customer location unless all the Collateral constituting fixtures at such location has an aggregate Collateral Cost in excess of \$100 000

SECTION 5 15 Casualty and Condemnation

(a) The Parent and the Borrowers shall furnish to the Agents and the Lenders prompt written notice of any casualty or other damage to any material portion of any Collateral or the commencement of any action or proceeding for the taking of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding

(b) If any event described in paragraph (a) of this Section results in Net Proceeds (whether in the form of insurance proceeds condemnation award or otherwise) and either the aggregate amount of all such Net Proceeds exceeds \$5,000 000 or a Default has occurred and is continuing the Collateral Agent is authorized to collect such Net Proceeds and if received by any Borrower, any Foreign Subsidiary Equipment Owner or any other Consolidated Group Member, such Net Proceeds shall be paid over to the Collateral Agent. All such Net Proceeds retained by or paid over to the Collateral Agent shall be held by the Collateral Agent and released from time to time to pay the costs of repairing restoring or replacing the affected property in accordance with the terms of this Agreement and the applicable provisions of the applicable Security Agreement, subject to the provisions of the applicable Security Agreement regarding application of such Net Proceeds during a Default

(c) If any Net Proceeds retained by or paid over to the Collateral Agent as provided above continue to be held by the Collateral Agent on the date that any prepayment is due pursuant to Section 2 09(c) in respect of the event resulting in such Net Proceeds, then such Net Proceeds shall be applied to prepay Borrowings as provided in Section 2 09(c)

SECTION 5 16 Temporary Restricted Subsidiaries

On or before the first anniversary date of the date hereof the Parent shall cause each Temporary Restricted Subsidiary to (a) become a direct or indirect Subsidiary of the Bank

Borrower, (b) Guarantee the Bank Loans and (c) pledge a substantial majority of its assets to secure the Bank Loans to the extent legally permissible

SECTION 5 17 Leasing of Collateral Each Borrower will enter into, as lessor, operating leases with respect to all Collateral owned by it providing revenues sufficient to satisfy its Obligations as and when due Any such leases shall comply with Section 6 13

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full each of the Parent and the Borrowers covenants and agrees with the Lenders that

SECTION 6 01 Limitation on Indebtedness

(a) None of the Consolidated Group Members shall Incur any Indebtedness, except, without duplication

(1) Subject to Section 6 12, Indebtedness of the Bank Loan Parties to the Bank Agent the Bank Lenders and Bank L/C Issuer under the Bank Credit Documents,

(11) Indebtedness of the Bank Borrower or a Restricted Subsidiary owed to and held by the Bank Borrower and Restricted Subsidiaries, provided, however that (A) such Indebtedness may not be sold pledged, assigned or in any way transferred to a Person other than the Bank Borrower and Restricted Subsidiaries and the instruments evidencing the Indebtedness must so provide (B) the occurrence of any event that results in a Restricted Subsidiary that is owed or holds Indebtedness ceasing to be a Restricted Subsidiary shall constitute a transfer of the Indebtedness, (C) the Bank Borrower may only Incur Indebtedness under this clause (11) if the Indebtedness is unsecured and expressly subordinated to the prior payment in full in cash of all Loans and obligations Incurred in any way under the Loan Documents and (D) for avoidance of doubt, the Parent, Principal Subsidiaries Vendor Financing Obligors and Designated Foreign Subsidiaries may not Incur Indebtedness under this clause (11)

(iii) Indebtedness of the Parent Incurred under the Bond Notes Offering and Indebtedness of the Parent Incurred in respect of the Series C Stock Transaction, and any Refinancing of Indebtedness permitted under this clause (iii)

(iv) Indebtedness existing on the date hereof as set forth on Schedule 6.01

(v) Purchase Money Indebtedness,

(A) Incurred by the Loan Parties under the Loan Documents,

(B) Incurred by the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries, Vendor Financing Obligors and Designated Foreign Subsidiaries under Fiber Capital Lease Obligations not to exceed \$250.0 million excluding the MFN Fiber IRU Capital Lease Obligations and the Williams Fiber IRU Capital Lease Obligations, provided that Indebtedness Incurred under this clause (v)(B), shall be on commercially reasonable terms and conditions

(C) Incurred by the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries, Vendor Financing Obligors and Designated Foreign Subsidiaries in respect of Data Center Equipment Financings (or Incurred by the Parent or the Bank Borrower in the form of a Guarantee) not to exceed \$150.0 million, provided that any Guarantee of Indebtedness Incurred under this clause by the Bank Borrower shall be (1) substantially in the form of Exhibit F attached hereto or otherwise (2) on terms and conditions reasonably acceptable to the Administrative Agent such acceptance not to be unreasonably delayed,

(D) Incurred by the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries, Vendor Financing Obligors and Designated Foreign Subsidiaries in respect of Network Equipment Financings (or Incurred by the Parent or the Bank Borrower, in the form of a Guarantee) not to exceed \$250.0 million provided that any Guarantee of Indebtedness Incurred under this clause by the Bank Borrower shall be (1) substantially in the form of Exhibit F attached hereto or, otherwise (2) on terms and conditions reasonably acceptable

to the Administrative Agent, such acceptance not to be unreasonably delayed, or

(E) Incurred by the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries, Vendor Financing Obligors and Designated Foreign Subsidiaries (or Incurred by the Parent or the Bank Borrower in the form of a Guarantee) not to exceed \$100 0 million at any time outstanding, provided that any Guarantee of Indebtedness Incurred under this clause by the Bank Borrower shall be (1) substantially in the form of Exhibit F attached hereto or, otherwise (2) on terms and conditions reasonably acceptable to the Administrative Agent, such acceptance not to be unreasonably delayed

provided however that Indebtedness under this clause (v) other than clauses (A) and (B) above shall be on commercially reasonable terms and conditions and, to the extent that any such Incurrence shall be in a principal amount exceeding \$25 0 million and not be Incurred by a Vendor Financing Obligor, on terms and conditions reasonably acceptable to the Administrative Agent, such acceptance not to be unreasonably withheld or delayed

(vi) Hedging Obligations consisting of (A) Interest Rate Agreements or Currency Agreements directly related to Indebtedness permitted to be Incurred by the Bank Loan Parties or Principal Subsidiaries provided however, that the notional amount of any such Hedging Obligation does not exceed the amount of Indebtedness to which such Hedging Obligation relates or (B) Currency Agreements used to hedge non-U S dollar currency exposures of the Bank Loan Parties or Principal Subsidiaries, entered into in accordance with customary industry practices for companies in the Telecommunications Business with international operations and not for purposes of speculation,

(vii) Indebtedness of a Consolidated Group Member solely in respect of letters of credit bank guarantees, banker's acceptances, cash deposits, surety bonds bid bonds and performance bonds Incurred in the ordinary course of business, provided, however, that such instruments or deposits do not support any Indebtedness other than Indebtedness which, if Incurred by such Person, would be permitted to be Incurred pursuant to another provision of this covenant

(viii) Indebtedness of the Bank Loan Parties and Principal Subsidiaries in an aggregate principal amount not to exceed \$50 0 million at any time outstanding

(ix) Indebtedness of the Parent in an aggregate principal amount not to exceed the sum of (x) \$1 65 billion (y) an additional amount equal to the sum of (A) the aggregate Net Cash Proceeds received by the Parent after the Effective Date from the issuance or sale of Capital Stock (other than Disqualified Stock) of the Parent (other than an issuance or sale to the Bank Borrower or any Restricted Subsidiary and other than an issuance or sale to an employee stock ownership plan or to a trust established by the Parent the Bank Borrower a Restricted Subsidiary or a Principal Subsidiary for the benefit of its employees) provided that such Net Cash Proceeds in this clause (y) are invested by the Parent in the Bank Borrower and such investment is not in the form of Indebtedness and (B) the Fair Market Value of any Capital Stock (other than Disqualified Stock) of the Parent issued to any Person (other than a Subsidiary) in exchange for Telecommunications Assets which will be held by the Bank Borrower or a Restricted Subsidiary or in exchange for the Capital Stock of another Person a substantial majority of the assets of which consist of Telecommunications Assets in a transaction pursuant to which such other Person becomes a Restricted Subsidiary, in each case received or issued, as the case may be subsequent to the Effective Date and (z) Conversion Notes and amounts raised and utilized by the Parent to invest in the Bank Borrower for the purpose of Refinancing Loans and that are applied to prepay Loans in accordance with this Agreement provided, however, that Indebtedness Incurred under this clause (ix) is issued on terms (other than as to interest rates redemption prices and issue price) no more restrictive than the Bond Notes Offering or if more restrictive such restrictions would not be more adverse than the terms of the Bond Notes Offering to the interests of the Lenders in any material respect, provided further that such Indebtedness has a Stated Maturity at least one year beyond the later of the maturity of the Loans and the maturity of the Bank Loans and further provided that no principal payments thereunder shall fall due during the life of the Loans or the Bank Loans and such Indebtedness shall be issued at commercially reasonable rates (it being understood that the rates applicable to Conversion Notes are deemed to be commercially reasonable),

(x) Acquired Indebtedness Incurred by the Bank Borrower, Restricted Subsidiaries, Principal Subsidiaries and Designated Foreign Subsidiaries in respect of the acquisition of a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary,

(xi) Refinancing Indebtedness in respect of Indebtedness Incurred with respect to the Outstanding Old Bond Debt or pursuant to clauses (iii) (iv) (v) (ix) and (x) of this Section 6 01(a), provided, that Indebtedness of the Parent cannot be Refinanced by Indebtedness Incurred by the Bank Borrower, any Restricted Subsidiary, Principal Subsidiary, or Designated Foreign Subsidiary provided further, however, that Refinancing Indebtedness shall not include Indebtedness of a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary that Refinances Indebtedness of the Bank Borrower,

(xii) Guarantees by a Consolidated Group Member of Indebtedness Incurred by an Unrestricted Subsidiary secured by a pledge of the Capital Stock of such Unrestricted Subsidiary so long as the pledge provides for no recourse against the Consolidated Group Member for such Indebtedness other than recourse against such Capital Stock

(xiii) Indebtedness Incurred pursuant to the MFN Fiber IRU Capital Lease Obligations and the Williams Fiber IRU Capital Lease Obligations and other Capital Lease Obligations arising under an agreement in effect on the date hereof and

(xiv) Guarantees by the Parent or the Bank Borrower of Indebtedness of another such Consolidated Subsidiary Group Member, to the extent the Parent or the Bank Borrower would be allowed to incur such Indebtedness directly hereunder

(b) The Borrowers shall not incur any Indebtedness other than the Loans notwithstanding whether any such Indebtedness would be permitted under Section 6 01(a)

(c) All Indebtedness that the Bank Borrower and the Restricted Subsidiaries are permitted to incur pursuant to Section 6 01(a) must be incurred by the Bank Borrower (and shall not be incurred by any Restricted Subsidiary), except (i) Indebtedness under the Bank Credit Documents (ii) Indebtedness permitted by clause (ii) of

Section 6 01(a), (iii) existing Indebtedness of Restricted Subsidiaries referred to in clause (iv) of Section 6 01(a), (iv) Indebtedness permitted to be Incurred by a Restricted Subsidiary under clause (vii) (viii), (x), (xi) or (xiii) of Section 6 01(a) and (v) Purchase Money Indebtedness permitted by clause (v) of Section 6 01(a), provided that, in the case of any such Purchase Money Indebtedness other than the Loans and other than the Fiber Capital Lease Obligations, either (A) each individual financing constituting Purchase Money Indebtedness is in an aggregate principal amount not exceeding \$75,000,000 and is secured only by the Property the purchase price of which was financed by the proceeds of such individual financing (and not cross-collateralized with any other Purchase Money Indebtedness) or (B) in the case of any other such Purchase Money Indebtedness, such Purchase Money Indebtedness is Incurred by a Vendor Financing Obligor

SECTION 6 02 Limitations on Mergers, Consolidations and Sales of Assets (a) None of the Consolidated Group Members shall be a party to any merger consolidation or share exchange, or sell transfer lease or otherwise dispose of all or substantially all of its assets or property including the Capital Stock of Subsidiaries, in one transaction or a series of related transactions, including any disposition of assets or property as part of a Sale/Leaseback Transaction or permit any Restricted Subsidiary or Principal Subsidiary so to do provided however, that this Section shall not apply to nor operate to prevent (i) the Bank Borrower a Restricted Subsidiary Principal Subsidiary or Designated Foreign Subsidiary being a party to any merger where the Bank Borrower a Restricted Subsidiary Principal Subsidiary or Designated Foreign Subsidiary is the surviving Person if after giving effect to such merger, no Default would then exist provided further that if a Restricted Subsidiary merges with a Designated Foreign Subsidiary or Principal Subsidiary and the Designated Foreign Subsidiary or Principal Subsidiary is the surviving Person as the case may be, then such merger shall be deemed to be a conversion of the Restricted Subsidiary into a Designated Foreign Subsidiary or a Principal Subsidiary as the case may be and such conversion shall be subject to the restrictions herein, (ii) any Restricted Subsidiary or the Bank Borrower merging into another Restricted Subsidiary or the Bank Borrower if, after giving effect to such merger no Default would then exist, or (iii) the Bank Borrower or any Restricted Subsidiary or Principal Subsidiary from selling its inventory in the ordinary course of its business or selling Capital Stock of Unrestricted Subsidiaries Notwithstanding the foregoing exceptions, neither any Borrower nor any of

100

its Subsidiaries shall be a party to any merger, consolidation or share exchange, or sell, transfer or otherwise dispose of all or substantially all of its assets or property, including the Capital Stock of Subsidiaries in one transaction or a series of related transactions

(b) None of the Consolidated Group Members shall sell or issue any Capital Stock (i) of the Bank Borrower to any Person other than the Parent or (ii) of any Borrower to any Person other than the Pledgor (which shall pledge any additional Capital Stock of any Borrower it acquires to secure the Obligations). The Pledgor shall continue to be a Wholly Owned Subsidiary of the Bank Borrower.

SECTION 6.03 Limitations on Liens. (a) None of the Consolidated Group Members shall create incur assume or suffer to exist any Lien upon or in any of its property or assets whether now owned or hereafter acquired, except the following Liens (collectively "Permitted Liens")

(i) Liens arising by operation of law in connection with worker's compensation unemployment insurance, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith deposits pledges or Liens in connection with bids tenders, contracts or leases to which such Consolidated Group Member is a party (other than contracts for borrowed money), or other deposits required to be made or surety bonds or other obligations of like nature (which for the purposes of this Agreement shall include letters of credit in the nature of a surety bond) required to be obtained in the ordinary course of business in connection with any of the foregoing provided that in each case the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and for which reserves in conformity with GAAP have been provided on the books of such Consolidated Group Member,

(ii) mechanics', workmen's materialmen's, landlords' carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) securing obligations not due or if due being contested in good faith by appropriate proceedings and for which reserves in conformity with GAAP have been provided on the books of such Consolidated Group Member,

(iii) Liens for taxes or assessments or other government charges or levies on such Consolidated Group

Member, not yet due or delinquent, or which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings and for which reserves in conformity with GAAP have been provided on the books of such Consolidated Group Member

(iv) Liens arising out of judgments or awards against such Consolidated Group Member or in connection with surety or appeal bonds in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or with respect to which such Consolidated Group Member shall be prosecuting an appeal or proceeding for review and with respect to which it shall have obtained a stay of execution pending such appeal or proceeding for review provided that the aggregate amount of liabilities (including interest and penalties, if any) of the Consolidated Group on a consolidated basis secured by such Liens shall not exceed \$25 0 million at any one time outstanding

(v) Liens upon any Property acquired by such Consolidated Group Member to secure any Indebtedness of the Consolidated Group on a consolidated basis incurred at the time of the acquisition of such Property to finance the purchase price of such Property, or Liens upon property resulting from the sale by such Consolidated Group Member of Property and the leasing of the same or similar property from the purchaser thereof (or a subsequent purchaser or lessee) provided that any such Lien shall apply only to the Property that was so acquired or sold and leased back and the aggregate principal amount of Indebtedness secured by such Liens shall not exceed \$15 0 million at any time outstanding on a consolidated basis,

(vi) Survey exceptions or encumbrances easements or reservations, or rights of others for rights-of-way utilities and other similar purposes, or zoning or other restrictions as to the use of real properties which are necessary for the conduct of the activities of such Consolidated Group Member or which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of such Consolidated Group Member

(vii) Liens listed on Schedule 6 03

(viii) Liens securing permitted Indebtedness of a Subsidiary of a Bank Loan Party incurred in connection with the acquisition or construction of Property of such Subsidiary, provided that such Lien is limited to the Property being financed by such Indebtedness and any revenues of such Subsidiary directly attributable to such Property,

(ix) Liens securing Indebtedness under the Bank Credit Documents,

(x) Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any ~~Lien~~ referred to in the foregoing paragraphs (i) through (ix) inclusive, in connection with the permitted extension, renewal or replacement of the Indebtedness secured thereby, provided however that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of the Indebtedness so secured at the time of any extension renewal or refinancing, and that such extension renewal or refinancing shall be limited to the Property which was subject to the Lien so extended, renewed or refinanced,

(xi) Liens securing obligations under the Loan Documents, including Liens provided for in the Security Documents

(xii) Liens securing Indebtedness existing or incurred in connection with permitted Capital Lease Obligations provided such Liens are limited to Liens on the capital assets that have been acquired or construction of which has been financed by the proceeds of such Capital Lease Obligations, including Liens incurred pursuant to the Fiber Capital Lease Obligations and Capital Lease Obligations Incurred in respect of the Data Center Equipment Financing,

(xiii) Liens encumbering the Capital Stock of Unrestricted Subsidiaries provided that there is no recourse to the Consolidated Group for the obligations secured other than against such stock,

(xiv) Liens under the Bank Credit Documents securing obligations under Hedging Obligations,

(xv) Liens securing repurchase obligations arising out of permitted Temporary Cash Investments

(xvi) Liens securing obligations of a Consolidated Group Member (other than in respect of Indebtedness for borrowed money) in an aggregate amount not to exceed \$10 0 million,

(xvii) Liens on Temporary Cash Investments to secure Indebtedness Incurred under Section 6 01(a) (vii), and

(xviii) Liens securing Purchase Money Indebtedness now existing or to be Incurred under Section 6 01(a) (v) (C), (D) or (E) or any replacement financing thereof

(b) Notwithstanding the foregoing, no Consolidated Group Member will create, incur, assume or suffer to exist any Lien on any Collateral or any Capital Stock of a Borrower or any Subsidiary thereof except (i) Liens created under the Security Documents (ii) Liens described in clause (ii) or (iii) of paragraph (a) of this Section, (iii) in the case of Collateral rights of Equipment Users under leases or similar arrangements, subject to Equipment User Agreements and (iv) in the case of Capital Stock of a Second Borrower, Liens securing the Bank Loans that are junior to the Liens created under the Pledge Agreement, on the terms contemplated by the Pledge Agreement provided that in the case of Liens described in clause (ii) or (iii) of paragraph (a) of this Section that are permitted because the obligations secured thereby are being contested, such Liens shall be permitted on the Collateral or Capital Stock of a Borrower or any Subsidiary thereof only if such contest effectively suspends the collection of the contested obligation and the failure to make payment pending the resolution of such contest could not reasonably be expected to result in a Material Adverse Effect

SECTION 6 04 Investments, Acquisitions, Loans, Advances and Guaranties None of the Consolidated Group Members shall directly or indirectly, make, retain or have outstanding any Investments except the following Investments (collectively "Permitted Investments")

(a) in the case of the Parent,

(1) Investments in the Bank Borrower (other than Indebtedness)

(11) Investments in Capital Stock of Temporary Restricted Subsidiaries owned as of the

Effective Date, subject to the provisions of
Section 5.16

(iii) Investments in Subsidiaries not to
exceed more than \$1.0 million in the aggregate

(iv) Temporary Cash Investments in an
aggregate amount no greater than \$10.0 million at
any one time, provided that such Temporary Cash
Investments balance shall not exceed \$5.0 million
for more than three (3) consecutive Business Days,

(v) Investments in Outstanding Old Bond
Debt

(vi) Investments in a captive insurance
company not to exceed \$1.0 million and

(vii) Investments with respect to the
Series C Stock Transaction

(b) in the case of the Parent clauses (vi)
(viii), (x) (xiii) and (xxvii) and in the case of the Bank
Borrower and Restricted Subsidiaries, any of the following

(1) Investments in (A) a Person that will, upon
the making of such Investment become a Restricted
Subsidiary, provided however, that the primary
business of such Restricted Subsidiary is the
Telecommunications Business or (B) all or
substantially all of the assets of a Person, or a
corporate division thereof by the Bank Borrower or a
Restricted Subsidiary in an aggregate amount for all
Investments pursuant to this clause (1) not to exceed
the sum of (x) \$200.0 million plus (y) Unrestricted
Proceeds, provided that to the extent that the Bank
Borrower deems an Investment made under the preceding
clause (A) or clause (B) to be a capital expenditure
permitted under Section 6.07(c) or 6.08(c), such
Investment shall be deemed to be a Cash Capital
Expenditure for the purposes of this Agreement and
shall not be deemed to be an Investment for the purpose
of calculating amounts available to be invested under
this clause (1)

(ii) Investments in Temporary Cash Investments,

(iii) ownership of stock, obligations or
securities received in settlement of debts (created in
the ordinary course of business) owing to the Bank
Borrower or any Subsidiary,

(iv) endorsements of negotiable instruments for collection in the ordinary course of business,

(v) loans and advances to employees in the ordinary course of business for payroll, travel, relocation, and similar purposes,

(vi) loans or advances to employees made in the ordinary course of business consistent with past practices of the Consolidated Group or as part of a compensation plan approved by the Board of Directors of the Parent in an amount not to exceed \$5 0 million at any time outstanding

(vii) Investments consisting of performance bonds and letters of credit and other similar surety devices obtained to support or in lieu of performance bonds in each case entered into in the ordinary course of business,

(viii) the repurchase or other acquisition of shares of Capital Stock of a Bank Loan Party from employees, former employees directors or former directors of the Bank Loan Party (or permitted transferees of such employees former employees directors or former directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors of the Parent under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock provided, however that the aggregate amount of such repurchases and other acquisitions (other than repurchases and acquisitions made pursuant to agreements in effect on the Effective Date) shall not exceed \$5 0 million in any calendar year (with unused amounts being carried forward indefinitely)

(ix) Investments in any Person a substantial majority of the assets of which consist of Telecommunications Assets, provided, however, that the Investments made pursuant to this clause (ix) are pledged as Bank Collateral for the Bank Loans and provided further that the cost of acquisition of all such Investments made pursuant to this clause (ix) (measured on the date each such Investment was made) and then outstanding, does not exceed the sum of \$100 0 million, plus Unrestricted Proceeds on the date of any such Investment, provided that with respect to this clause (ix) Unrestricted Proceeds are deemed to be

utilized only after the \$100 0 million has been utilized in full,

(x) cash payments in lieu of the issuance of fractional shares in connection with stock splits or upon conversion into Capital Stock of the Consolidated Group Member (other than Disqualified Stock) of any security of the Consolidated Group Member or any convertible Indebtedness of the Consolidated Group Member,

(xi) Investments in office com, the cost of which (measured by the Fair Market Value of the consideration paid on the date each such Investment is made) does not exceed \$25 0 million during each of the three 12-month periods following the Effective Date (with unused annual amounts being carried over to future periods even if such periods occur after the third anniversary of the Effective Date),

(xii) Investments, the aggregate cost of which (measured by the Fair Market Value of the consideration paid on the date each such Investment was made) which when taken together with the cost of all other Investments made pursuant to this clause (xi), does not exceed \$80 0 million at any time outstanding

(xiii) any Guarantee of any Indebtedness of any Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary to the extent the Person incurring such Guarantee would be permitted to directly incur such Indebtedness under Section 6 01

(xiv) Existing Investments as set forth on Schedule 3 14

(xv) Investments in Capital Stock of customers of any Consolidated Subsidiary Group Member received and held by the Person providing such products or services, or by the Bank Borrower or any Restricted Subsidiary in exchange for products and services provided in the ordinary course of business, provided, however, that the value of such products and services (calculated as the consideration received by such Person for such products and services in a comparable arm's-length transaction) shall not exceed \$50 0 million during each successive 12-month period following the Effective Date

(xvi) Hedging Obligations on Indebtedness permitted pursuant to Section 6 01

(xvii) Investments in Restricted Subsidiaries,

(xviii) advances to customers in the ordinary course of business that are recorded as Receivables on the balance sheet of the vendor

(xix) Investments in Principal Subsidiaries and Designated Foreign Subsidiaries in an aggregate amount not to exceed the sum of (A) \$150 0 million,

(B) Unrestricted Proceeds on the date of any such Investment and (C) the original cost of any Investment in a Principal Subsidiary or Designated Foreign Subsidiary plus the cost of any subsequent Investments in such Subsidiaries to the extent that such Subsidiaries are converted to Restricted Subsidiaries pursuant to Article X, provided that with respect to this clause (xix) Unrestricted Proceeds are deemed to be utilized only after the \$150 0 million has been utilized in full provided further that the conversion of a Restricted Subsidiary or Unrestricted Subsidiary to a Principal Subsidiary or a Designated Foreign Subsidiary shall constitute an Investment under this clause and such Investment shall be valued, in the case of a Restricted Subsidiary at the cost of the Investment in the Restricted Subsidiary at the time it became a Restricted Subsidiary plus the cost of any subsequent Investments in the Restricted Subsidiary through the date the Restricted Subsidiary becomes a Principal Subsidiary or a Designated Foreign Subsidiary and, in the case of an Unrestricted Subsidiary at the cost of the Investment in the Unrestricted Subsidiary at the time it became an Unrestricted Subsidiary plus the cost of any subsequent Investments in the Unrestricted Subsidiary through the date the Unrestricted Subsidiary becomes a Principal Subsidiary or a Designated Foreign Subsidiary

(xx) Investments in Unrestricted Subsidiaries in an aggregate amount not to exceed the sum of (A) \$50 0 million (B) Unrestricted Proceeds on the date of any such Investment and (C) the original cost of any Investment in an Unrestricted Subsidiary plus the cost of any subsequent Investments in such Subsidiaries to the extent that such Subsidiaries are converted to Restricted Subsidiaries, Principal Subsidiaries or Designated Foreign Subsidiaries pursuant to Article X provided that with respect to this clause (xx) Unrestricted Proceeds are deemed to be utilized only after the \$50 0 million has been utilized in full provided further, that the conversion of a

Restricted Subsidiary, Principal Subsidiary or a Designated Foreign Subsidiary into an Unrestricted Subsidiary shall constitute an Investment in Unrestricted Subsidiaries under this clause and such Investment shall be valued at the cost of the Investment in the Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary at the time it became such a Person plus the cost of any subsequent Investments on such Person through the date the Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary becomes an Unrestricted Subsidiary,

(xxi) Investments paid for with Capital Stock of the Parent (based on the cost of such Investments measured by the Fair Market Value of the Parent's Capital Stock on the date of such Investment)

(A) in any Person engaged in the Telecommunications Business that is not a Subsidiary a substantial majority of the assets of which person consist of Telecommunications Assets, and

(B) in any other Person that is not a Subsidiary of the Parent up to a maximum aggregate amount of \$50 0 million at any time outstanding

(xxii) Investments in Outstanding Old Bond Debt,

(xxiii) Investments in Capital Stock of (A) any Borrower (B) any Vendor Financing Obligor and (C) a captive insurance company, in an aggregate amount for clauses (A), (B) and (C) not to exceed \$5 0 million

(xxiv) Investments in the Capital Stock of the Parent by the Bank Borrower but only in the event the Bank Borrower is prohibited by law, contract or otherwise from making a dividend to the Parent pursuant to Section 6 05(a) and to the extent and in an amount that a dividend from the Bank Borrower to the Parent would be permitted pursuant to Section 6 05(a), provided however, the proceeds from an Investment under this clause (xxiv) shall be used solely for the purposes permitted under Section 6 05(a) with respect to the payment of dividends

(xxv) Investments in any Vendor Financing Obligor to meet regularly scheduled principal and interest payments and fees and indemnity and expense

reimbursement obligations owed under Purchase Money Indebtedness of such Vendor Financing Obligor to the extent not paid out of proceeds from operating leases on Property owned by such Vendor Financing Obligor

(xxvi) Investments in any Borrower that are applied to pay Obligations, and

(xxvii) Guarantees by the Parent or the Bank Borrower (i) of the Obligations pursuant to the Guarantee Agreement or (ii) of the Indebtedness to be Incurred by the Bank Borrower under Section 6 01(a) (v) (C) (D) or (E)

provided that no new Investment shall be permitted to be made pursuant to clause (i), (viii), (ix) (xi) (xii) (xix), (xx) (xxi) or (xxv) above while an Event of Default shall have occurred and be continuing except for Investments that such Consolidated Group Member shall have committed to make prior to the date of the related Default and

(c) in the case of any Borrower, Investments in Temporary Cash Investments

In determining the amount of Investments outstanding (A) Investments in Capital Stock and Investments taking the form of equity contributions shall always be valued at the original cost thereof (regardless of any subsequent appreciation or depreciation therein) less cash (or in the case of Investments made for other than cash, the Fair Market Value of Telecommunications Assets or Marketable Securities) received from such Investments by the Person making such Investments, provided that in no event may the amount of an Investment outstanding be valued at less than zero and (B) Investments in Indebtedness shall be valued at the original principal amount thereof less any cash payments received on such Indebtedness. It is understood that the assumption and payment by a Borrower of a Foreign Subsidiary Equipment Owner's obligation to pay the Purchase Price of any Eligible Equipment and Services in accordance with Section 6 13 shall not be construed to be an Investment by such Borrower in violation of this Section

SECTION 6 05 Dividends, Purchase of Stock and Prepayments. (a) None of the Consolidated Group Members shall declare any dividends (other than dividends payable in Capital Stock of the Parent or the Bank Borrower) on any shares of any class of its Capital Stock or apply any of its Property or assets to the purchase, redemption or other retirement of or set apart any sum for the payment of any

dividends on, or for the purchase, redemption or other retirement of, or make any other distribution by reduction of capital or otherwise in respect of, any shares of any class of Capital Stock of a Loan Party, or permit any Principal Subsidiary so to do, or permit any Unrestricted Subsidiary to purchase or acquire any shares of any class of Capital Stock of the Bank Borrower, except for any Permitted Investment, provided that dividends (other than dividends by a Borrower, which shall not be permitted by any of the following clauses) are permitted (i) by the Bank Borrower to the Parent to the extent necessary for the Parent to (A) so long as no Event of Default has occurred and is continuing, meet its regularly scheduled obligations in regard to principal and interest in connection with Indebtedness Incurred pursuant to clauses (iii) (iv) and (v) of Section 6.01(a) and Refinancing thereof to the extent permitted in Section 6.01(a)(xi) (B) pay the ordinary operating expenses of the Parent and other liabilities incurred by the Parent in the ordinary course of business, (C) so long as no Event of Default has occurred and is continuing, repay the Outstanding Old Bond Debt including regularly scheduled interest payments thereon and (D) pay cash payments in lieu of the issuance of fractional shares in connection with stock splits or upon conversion into Capital Stock of the Parent (other than Disqualified Stock) of any security of the Parent or any convertible Indebtedness of the Parent (ii) to the Bank Borrower Restricted Subsidiaries, Principal Subsidiaries, Designated Foreign Subsidiaries and minority shareholders, provided that dividends may only be paid to minority shareholders ratably to the extent of their percentage interests in Capital Stock of the applicable Subsidiary, and (iii) so long as no Event of Default has occurred and is continuing to the Parent or by the Parent in an amount no greater than the Net Available Cash of the substantially concurrent sale of (or specified with particularity at the time of the sale of, and subsequently made with such Net Available Cash of) or made by exchange for Capital Stock (other than Disqualified Stock) of the Parent (other than Capital Stock issued or sold to a Subsidiary of the Parent or an employee stock ownership plan or to a trust established by the Parent or any of its Subsidiaries for the benefit of their employees), provided that such dividends and purchases of Capital Stock shall be deemed to be a utilization of Unrestricted Proceeds and shall not exceed the regularly scheduled dividend amounts under Series A Preferred Stock and Series G Preferred Stock. It is understood that the assumption and payment by a Borrower of a Foreign Subsidiary Equipment Owner's obligation to pay the Purchase Price of any Eligible Equipment and Services in accordance with

Section 6 13 shall not be construed to be a dividend by such Borrower in violation of this Section

(b) None of the Consolidated Group Members shall permit any Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary to enter into any agreement or instrument which by its terms restricts the ability of such Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary to (i) declare or pay dividends or make similar distributions (ii) repay principal of or pay any interest on, any Indebtedness owed to any Consolidated Group Member described in Section 6 01(a), (iii) make payments of royalties licensing fees and similar amounts to any Consolidated Group Member, (iv) make loans or advances to any Consolidated Group Member or (v) permit any Consolidated Group Member to engage in consolidated cash management inconsistent with prudent business practice

(c) None of the Consolidated Group Members shall permit (i) a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary to issue a stock dividend other than on a pro rata basis to its shareholders and (ii) the Bank Borrower to issue stock dividends to any Person other than the Parent and in each case of clauses (i) and (ii), the stock issued to a Restricted Subsidiary Principal Subsidiary or Designated Subsidiary in connection with such stock dividend is pledged to secure the Bank Loans

(d) None of the Consolidated Group Members shall, subject to the Refinancing provisions of Section 6 01(a)(xi) prepay Indebtedness under clauses (iii) and (ix) of Section 6 01(a) except that Indebtedness under clause (iii) may be prepaid to the extent allowed pursuant to provisions in the applicable Bond Notes indentures that allow prepayments of up to 35% of the aggregate amount of the Bond Notes and notes issued in the Series C Transaction with the net cash proceeds from one or more public equity offerings (an "Equity Clawback Prepayment"), provided that any such prepayment shall be deemed to be utilization of Unrestricted Proceeds in the amount of such prepayment

SECTION 6 06 Use of Proceeds The proceeds of Loans will be used solely to pay the Purchase Price of Eligible Equipment and Services acquired by the Designated Borrower (or by a Foreign Subsidiary Equipment Owner as contemplated by Section 6 13) pursuant to the Supply Agreement

SECTION 6.07 Phase 1 Financial Covenants. Until December 31, 2002, the Consolidated Group Members shall

(a) Maximum EBITDA Losses/Minimum EBITDA. Not permit EBITDA for any fiscal quarter referred to below to be less than the amount set forth opposite such fiscal quarter

Quarter Ended	Amount
March 31, 2000	\$(48,000,000)
June 30, 2000	\$(42,000,000)
September 30 2000	\$(38,000,000)
December 31, 2000	\$(28,000,000)
March 31, 2001	\$(17,000,000)
June 30, 2001	\$(9,000,000)
September 30 2001	\$(5,000,000)
December 31, 2001	\$1 000,000
March 31, 2002	\$28 000 000
June 30, 2002	\$44 000 000
September 30 2002	\$60,000,000
December 31 2002	\$76,000,000

(b) Minimum Revenues. Not permit Consolidated Revenue for any fiscal quarter referred to below (calculated as of the last day of any fiscal quarter end and based on the results of the quarter then ended) to be less than the amount set forth opposite such fiscal quarter

Quarter Ended	Amount
March 31, 2000	\$118,000,000
June 30 2000	\$129,000 000
September 30 2000	\$139,000,000
December 31 2000	\$163 000 000
March 31, 2001	\$173,000,000
June 30, 2001	\$188,000,000
September 30, 2001	\$199,000,000
December 31 2001	\$217,000,000
March 31, 2002	\$240 000 000
June 30, 2002	\$268,000,000
September 30 2002	\$294,000,000
December 31 2002	\$328 000 000

(c) Maximum Cash Capital Expenditures Not permit total Cash Capital Expenditures during any fiscal year referred to below to exceed the amount set forth opposite such fiscal year provided that unused amounts permitted to be expended in any fiscal year may be carried forward one year with all capital expenditures deemed first applied to any carry-forward amounts provided further that on any date that any Bank Loan Party receives Net Cash Proceeds from permitted Indebtedness (other than Refinancing Indebtedness) or equity in excess of \$1.5 billion, on a cumulative basis from the Effective Date, the Bank Borrower may increase at its discretion, the maximum Cash Capital Expenditures in any year or years by an aggregate amount equal to such Net Cash Proceeds that exceed \$1.5 billion, provided further that any such amount of increase shall be deemed a utilization of Unrestricted Proceeds and provided further that under no circumstances shall the maximum annual Cash Capital Expenditures exceed (excluding carry over amounts) \$1.3 billion for any year prior to and including 2001 and \$1.0 billion in any year thereafter while this covenant is applicable

Fiscal Year	Amount
2000	\$1,300,000,000
2001	\$1,150,000,000
2002	\$550,000,000

(d) Maximum Consolidated Senior Secured Debt to Consolidated Total Capitalization Not permit the ratio of Consolidated Senior Secured Debt to Consolidated Total Capitalization to exceed 25% at any time. For the purpose of calculating Consolidated Total Capitalization, paid-in capital shall be given effect as of the date paid in

(e) Maximum Consolidated Total Debt to Consolidated Total Capitalization Not permit the ratio of Consolidated Total Debt to Consolidated Total Capitalization to exceed 75% at any time. For the purpose of calculating Consolidated Total Capitalization, paid-in capital shall be given effect as of the date paid in

(f) Maximum Consolidated Senior Secured Debt to Adjusted Gross PP&E Not permit the ratio of Consolidated Senior Secured Debt to Adjusted Gross PP&E to exceed 50% at any time

114

(g) On-Network Hubs Not permit the number of On-Network Hubs as of the last day of any fiscal quarter referred to below to be less than the amount set forth opposite such fiscal quarter

Quarter Ended	On-Network Hubs
March 31 2000	125
June 30, 2000	142
September 30, 2000	159
December 31, 2000	175
March 31 2001	190
June 30, 2001	204
September 30 2001	219
December 31 2001	234
March 31, 2002	249
June 30, 2002	263
September 30 2002	267
December 31 2002	268

(h) On-Network Buildings Not permit the number of On-Network Buildings as of the last day of any fiscal quarter referred to below to be less than the amount set forth opposite such fiscal quarter

Quarter Ended	On-Network Buildings
March 31 2000	1,649
June 30 2000	2,322
September 30, 2000	3,320
December 31, 2000	4,477
March 31, 2001	5,981
June 30, 2001	7,366
September 30 2001	8,755
December 31 2001	10,147
March 31 2002	10,256
June 30 2002	10,366
September 30 2002	10,475
December 31, 2002	10,585

115

SECTION 6.08 Phase 2 Financial Covenants. On and after January 1, 2003, the Consolidated Group Members shall

(a) Consolidated Total Debt to Consolidated Annualized EBITDA. Not permit the ratio of Consolidated Total Debt as of any date during any period referred to below to Consolidated Annualized EBITDA as of such date to be greater than the ratio set forth opposite the period during which such date occurs

Period	Ratio
March 31 2001 - June 29, 2003	15 00x
June 30 2003 - September 29 2003	11 00x
September 30 2003 - December 30, 2003	10 00x
December 31 2003 - March 30 2004	9 00x
March 31, 2004 - June 29, 2004	8 00x
June 30 2004 - September 29 2004	7 50x
September 30 2004 - December 30, 2004	7 00x
December 31 2004 - March 30 2005	6 00x
March 31 2005 and thereafter	5 00x

(b) EBITDA to Consolidated Interest Expense. Not permit the ratio of EBITDA to Consolidated Interest Expense in each case for the period of four consecutive fiscal quarters ending on any date referred to below to be less than the ratio set forth opposite such date

Quarter End Date	Ratio
March 31 2003	0 50x
June 30, 2003	0 50x
September 30, 2003	0 75x
December 31, 2003	0 75x
March 31 2004	1 00x
June 30, 2004	1 00x
September 30 2004	1 25x
December 31 2004	1 25x
March 31 2005	1 50x
June 30 2005	1 50x
September 30 2005	1 75x
December 31, 2005	1 75x
March 31 2006	2 00x
June 30 2006	2 00x

Quarter End Date	Ratio
September 30 2006	2 25x
December 31, 2006	2 25x
March 31, 2007 and the last day of each quarter ended thereafter	2 50x

(c) Maximum Cash Capital Expenditures Not permit total Cash Capital Expenditures during any fiscal year, commencing with the fiscal year ending December 31, 2003, to exceed \$400 0 million (provided that unused amounts permitted to be expended in any fiscal year may be carried forward one year with all Cash Capital Expenditures deemed first applied to any carry-forward amounts), provided further however that on any date that any Bank Loan Party receives Net Cash Proceeds from permitted issuance of Indebtedness (other than Refinancing Indebtedness) or equity in excess of \$1 5 billion, on a cumulative basis from the Effective Date the Bank Borrower may increase, at its discretion, the maximum Cash Capital Expenditures in any year or years by an aggregate amount equal to such Net Cash Proceeds that exceed \$1 5 billion provided further that any such amount of increase shall be deemed a utilization of Unrestricted Proceeds and provided further that under no circumstances shall the maximum annual Cash Capital Expenditures (excluding carry over amounts) exceed \$1 0 billion in any year while this covenant is applicable

SECTION 6 09 Consolidated Senior Debt to Consolidated Annualized EBITDA On and after March 31, 2002, the Consolidated Group Members shall not permit the ratio of Consolidated Senior Debt to Consolidated Annualized EBITDA as of any day during any period referred to below to be more than the ratio set forth opposite such period

Period	Ratio
March 31, 2002 - June 29, 2002	12 50x
June 30, 2002 - September 29, 2002	10 00x
September 30, 2002 - December 30 2002	9 00x
December 31 2002 - March 30, 2003	7 50x
March 31, 2003 - June 29, 2003	5 00x
June 30 2003 - September 29 2003	4 50x
September 30, 2003 - December 30, 2003	4 00x
December 31 2003 - March 30 2004	4 00x
March 31 2004 and thereafter	3 50x

SECTION 6 10 EBITDA to Consolidated Debt Service. The Consolidated Group Members shall not permit the ratio of EBITDA to Consolidated Debt Service for the four consecutive fiscal quarters ending on the last day of any fiscal quarter ending on or after December 31, 2003, to be less than 1.0x

SECTION 6 11 Certain Prepayments of Indebtedness. No Consolidated Group Member shall voluntarily prepay, redeem or defease any Indebtedness at any time that any Loans are outstanding, other than (a) prepayments of Loans, (b) prepayment of revolving credit loans outstanding under the Bank Credit Agreement that do not involve any termination or reduction of (or agreement to terminate or reduce) the commitments to make such loans, (c) prepayments or redemptions of Indebtedness (other than (i) prepayments of Indebtedness under the Bank Credit Agreement that are not described in clause (b) above, (ii) prepayments or redemptions of Indebtedness issued by the Parent, other than (x) Outstanding Old Bond Debt and (y) prepayments described in clause (iii) of the definition of Series C Stock Transaction, and (iii) prepayments or redemptions of other Purchase Money Indebtedness) not exceeding \$150,000,000 in the aggregate for all such prepayments and redemptions made pursuant to this clause (c) and (d) Equity Clawback Prepayments in respect of the Bond Notes provided that at the time of and after giving effect to any such Equity Clawback Prepayment and any concurrent prepayment of Loans no Refinancing Period is in effect and the aggregate principal amount of outstanding Loans does not exceed \$250,000,000

SECTION 6 12 Amount of Bank Facilities The aggregate principal amount of Indebtedness outstanding under the Bank Credit Documents shall not at any time exceed the sum of (a) the aggregate amount of revolving credit commitments under the Bank Credit Agreement on the Effective Date minus the aggregate amount of such commitments that have expired or have been terminated or reduced prior to such time (b) the aggregate amount of Bank Loans made as term loans under the Bank Credit Agreement on the Effective Date, minus the aggregate amount of such Bank Loans repaid or prepaid prior to such time (c) the aggregate amount of commitments to make Bank Loans to be made as term loans under the Bank Credit Agreement that are in effect on the Effective Date but are not drawn on the Effective Date, minus the aggregate amount of such commitments that have expired or have been terminated or reduced (without having been drawn upon) prior to such time and the aggregate amount of Bank Loans made pursuant to such commitments that have been repaid or prepaid prior to such time, plus (d) the

aggregate amount of additional Bank Loans made under the Bank Credit Agreement prior to such time the proceeds of which were applied to prepay Loans promptly after the borrowing of such Bank Loans minus the aggregate amount of such Bank Loans that have been repaid or prepaid prior to such time

SECTION 6.13 Use of Collateral (a) The Parent and the Borrowers will not permit any asset constituting Collateral to be outside any Borrower's possession or located on any property not owned by a Borrower except in accordance with this Section

(b) A Borrower may lease any assets constituting Collateral to, or otherwise allow any such assets to be in the possession of, any other Restricted Subsidiary or any Affiliate of the Parent (or other Person with which the Parent or a Restricted Subsidiary has entered into an agreement to provide management and operating services) that is in the business of operating assets of the type leased to or possessed by it or any customer of any such Restricted Subsidiary or Affiliate (any such Restricted Subsidiary, Affiliate (or other Person) or customer obtaining a lease with respect to or possession of or other right to use or possess, such assets an "Equipment User") if (i) in the case of any such Affiliated Equipment User (A) such Affiliated Equipment User has entered into an Equipment User Agreement and (B) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by either Agent to be filed registered or recorded to perfect (or maintain the perfection of) the Liens created under the applicable Security Agreement with respect to such assets, and to protect the applicable Borrower's ownership interests therein, shall be so filed registered or recorded or (ii) in the case of any such customer to which has been leased (or which possesses or otherwise uses) Collateral having a Collateral Cost in excess of \$50,000 (A) such customer has entered into a written lease agreement for (or other written agreement granting such customer the right to possess or use) such assets and such lease (or other agreement) shall have a term not exceeding three years (subject to renewal rights requiring the consent of the lessor) and otherwise be on terms and conditions no less favorable to the applicable Borrower than those customary for leases of similar assets between unaffiliated parties, (B) the assets leased to (or otherwise possessed or used by) such customer shall be of the type described on Schedule 6.13 and (C) such customer shall have entered into an Equipment User Agreement or the lease agreement (or other agreement) with such customer shall include provisions

substantially the same as those that would be included in an Equipment User Agreement provided that any lease or transfer of possession of any Collateral contemplated hereby shall not relieve any Loan Party of any of its respective obligations under any Loan Document. The foregoing shall not be construed to prohibit (1) the return of any asset constituting Collateral to the vendor thereof or another service provider for repairs services modifications or other similar purposes or (2) the storage of any asset constituting Collateral in any warehouse or similar facility

(c) It is understood that the Parent and the Borrowers intend that a portion of the Collateral will be located and used outside the United States of America, provided that neither the Parent nor any Borrower will permit any asset constituting Collateral to be located outside the United States of America (or to be transferred between jurisdictions outside the United States of America) unless (i) the Parent or the applicable Borrower shall have notified the Lenders thereof reasonably in advance of any such assets being transferred outside the United States of America (or between such jurisdictions) and (ii) the Administrative Agent shall be reasonably satisfied that (A) the laws of the jurisdiction in which such assets are to be located adequately protect the interests of the Lenders in such Collateral (B) the security interests in such Collateral granted under the applicable Security Agreement will continue to be adequately protected and perfected, (C) there are not any material risks relating to the political or economic stability of the jurisdiction in which such Collateral is to be located or the Person that will possess such Collateral in such jurisdiction, (D) the portion of the Collateral located in such jurisdiction and in all jurisdictions outside the United States of America, is within acceptable limits and (E) the location of such Collateral in such jurisdiction is not otherwise materially disadvantageous to the Lenders. The applicable Borrower shall deliver to the Lenders, with a copy to the Agents such legal opinions and other documentation as the Administrative Agent shall reasonably request in connection with its consideration or approval of any proposed transfer of Collateral outside the United States of America or between jurisdictions outside the United States of America

(d) In order to facilitate the use of Collateral outside the United States of America as contemplated by paragraph (c) above a Borrower may sell or otherwise transfer title to any asset constituting Collateral to any Foreign Subsidiary that is a Consolidated Group Member provided that no such asset shall be so sold or transferred

unless (i) all the requirements of paragraph (c) above are satisfied prior to such sale or transfer, (ii) such sale or transfer is made subject to the security interests granted under the applicable Security Agreement and (iii) the applicable Foreign Subsidiary Equipment Owner has entered into an Equipment Owner Agreement with respect to such asset and such other documents and agreements as the Administrative Agent shall reasonably request in order to confirm, protect and perfect the security interests in such asset granted under the applicable Security Agreement. After giving effect to any such sale or transfer, the provisions of this Section shall continue to apply to any subsequent use (or relinquishment of possession or control) of the applicable Collateral by the applicable Foreign Subsidiary Equipment Owner (as though such Foreign Subsidiary Equipment Owner were named as a Borrower herein).

(e) In order to facilitate the use of Collateral outside the United States of America as contemplated by paragraph (c) above, as an alternative to the procedure set forth in paragraph (d) above a Borrower may permit any Foreign Subsidiary that is a Consolidated Group Member to acquire directly from Lucent (or any Affiliate of Lucent) pursuant to the Supply Agreement any asset that is to constitute a Financed Foreign Subsidiary Asset, provided that no such asset shall be so acquired by a Foreign Subsidiary unless (i) all the requirements of paragraph (c) above are satisfied prior to such acquisition, (ii) the applicable Foreign Subsidiary Equipment Owner has entered into a Foreign Subsidiary Security Agreement and an Equipment Owner Agreement with respect to such asset and such other documents and agreements as the Administrative Agent shall reasonably request in order to confirm, protect and perfect the security interests in such asset granted under such Foreign Subsidiary Security Agreement and (iii) the Designated Borrower shall assume the obligation of the applicable Foreign Subsidiary Equipment Owner to pay the Purchase Price of such asset. After giving effect to any such acquisition, such asset shall constitute "Collateral" for all purposes hereof and the provisions of this Section shall continue to apply to any subsequent use (or relinquishment of possession or control) of the applicable Collateral by the applicable Foreign Subsidiary Equipment Owner (as though such Foreign Subsidiary Equipment Owner were named as a Borrower herein). If there is more than one Borrower hereunder, any Foreign Subsidiary Equipment Owner must enter into separate Foreign Subsidiary Security Agreements with respect to the Collateral financed by the respective Borrowers.

121

SECTION 6.14 Activities of Borrowers No Borrower will engage in any business or activity other than the acquisition of assets comprising Collateral, the financing thereof pursuant to this Agreement the leasing and disposition thereof to Equipment Users as contemplated hereby and activities incidental to the foregoing. No Borrower will incur any liabilities other than its obligations under the Loan Documents to which it is a party and liabilities incidental to its existence and permitted business activities.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) Any Borrower shall fail duly to pay any principal of any Loan when due whether at maturity by notice of intention to prepay or otherwise,

(b) Any Borrower shall fail duly to pay any interest fee or any other amount payable under the Loan Documents within three Business Days after the same shall be due.

(c) The Loan Parties shall fail duly to observe or perform any term covenant or agreement contained in Article VI.

(d) The Loan Parties shall fail duly to observe or perform any other term covenant or agreement contained in any Loan Document, and such failure shall have continued unremedied for a period of 30 days after written notice is given by the Administrative Agent to the Borrowers and the Parent,

(e) Any representation or warranty made or deemed made by a Loan Party in a Loan Document, or any statement or representation made in any certificate report or opinion delivered by or on behalf of a Loan Party in connection with a Loan Document, shall prove to have been false or misleading in any material respect when so made or deemed made,

(f) A Loan Party or Bank Loan Party shall fail to pay any Indebtedness (other than obligations hereunder) in an amount of \$25.0 million or more when due and such failure shall continue after the applicable grace period, if any specified in the agreement or

instrument evidencing such Indebtedness unless such failure shall have been cured or waived, or a default shall have occurred and be continuing with respect to any such Indebtedness having an aggregate principal amount outstanding of \$25 0 million or more and as a result of such default the holder of such Indebtedness shall have accelerated, or shall have the right to accelerate the maturity of such Indebtedness prior to its express maturity,

(g) An involuntary case or other proceeding shall be commenced against any Loan Party or Bank Loan Party (except as provided below) seeking liquidation, reorganization or other relief with respect to it or its debts under any applicable bankruptcy insolvency reorganization or similar law or seeking the appointment of a custodian receiver, liquidator, assignee trustee sequestrator or similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of more than 60 days, or an order or decree approving or ordering any of the foregoing shall be entered and continued unstayed and in effect

(h) Any Loan Party or Bank Loan Party (except as provided below) shall commence a voluntary case or proceeding under any applicable bankruptcy insolvency reorganization or similar law or any other case or proceeding to be adjudicated a bankrupt or insolvent or any of them shall consent to the entry of a decree or order for relief in respect of any Loan Party or Bank Loan Party in an involuntary case or proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against any of them, or any of them shall file a petition or answer or consent seeking reorganization or relief under any applicable law or any of them shall consent to the filing of such petition or to the appointment of or taking possession by a custodian receiver, liquidator, assignee, trustee sequestrator or similar official of any Loan Party or Bank Loan Party or any substantial part of their respective property, or any of them shall make an assignment for the benefit of creditors, or any of them shall admit in writing its inability to pay its debts generally as they become due or any Loan Party or Bank Loan Party shall take corporate action in furtherance of any such action

123

(i) One or more judgments against a Loan Party or Bank Loan Party or attachments against its property, which in the aggregate exceed \$25 0 million, or the operation or result of which could reasonably be expected to have a Material Adverse Effect, shall be rendered against such Loan Party or Bank Loan Party and there shall be any period of 30 consecutive days during which a stay of such judgment or attachment, by reason of a pending appeal or otherwise shall not be in effect

(j) Notice of intent to terminate or amend a Pension Plan shall have been filed with any affected party (as defined in Section 4001 of ERISA), if after giving effect thereto the Pension Plan is a plan described in Section 4021(b) of ERISA or notice of an application by the PBGC to institute proceedings to terminate a Pension Plan pursuant to Section 4042 of ERISA shall have been received by any member of the ERISA Group, in each case only if the amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA) as of the date such notice is filed or received exceeds \$15 0 million any member of the ERISA Group incurs liability under Sections 4062(e) 4063 or 4064 of ERISA in respect of a Pension Plan in an amount in excess of \$15 0 million, an amendment is adopted to a Pension Plan which would require security to be given to such Pension Plan pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA in an amount in excess of \$15 0 million any member of the ERISA Group fails to make a payment to a Pension Plan which would give rise to a Lien in favor of such Plan under Section 302(f) of ERISA in an amount in excess of \$15 0 million, or

(k) any Change of Control shall occur,

then, and in every such event (other than an event with respect to a Borrower or Guarantor described in clause (g) or (h) of this Article) and at any time thereafter during the continuance of such event the Administrative Agent may and at the request of the Required Lenders shall by notice to the Borrowers, take either or both of the following actions, at the same or different times (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable together with accrued interest thereon and all fees

and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and in case of any event with respect to any Borrower or Guarantor described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand protest or other notice of any kind, all of which are hereby waived by each Borrower

The provisions of clauses (g) and (h) of this Article VII shall not apply to any Bank Loan Party (other than a Loan Party) that would be permitted to become an Unrestricted Subsidiary pursuant to Article X without the occurrence of a Default hereunder after giving effect to such action Any such Bank Loan Party shall be deemed converted to an Unrestricted Subsidiary provided that such conversion shall be deemed to be an Investment in Unrestricted Subsidiaries under Section 6 04(b)(xx) as of the date of such conversion

ARTICLE VIII

The Agents

Each of the Lenders hereby irrevocably appoints each Agent as its agent and authorizes each Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto

Any Person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such Person and its Affiliates may accept deposits from lend money to and generally engage in any kind of business with the Parent or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder

Neither Agent shall have any duties or obligations except those expressly set forth in the Loan Documents Without limiting the generality of the foregoing (a) neither Agent shall be subject to any fiduciary or other implied duties regardless of whether a Default has occurred

and is continuing (b) neither Agent shall have any duty to take any discretionary action or exercise any discretionary powers except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) and (c) except as expressly set forth in the Loan Documents neither Agent shall have any duty to disclose, and shall not be liable for the failure to disclose any information relating to the Parent or any of its Subsidiaries that is communicated to or obtained by the Person serving as Agent or any of its Affiliates in any capacity. Neither Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or wilful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by a Loan Party or a Lender and neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Parent or the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

Subject to the appointment and acceptance of a successor Agent as provided in this paragraph, an Agent may resign at any time by notifying the Lenders and the Borrowers. In addition, the Required Lenders shall have the right to remove the Collateral Agent at any time. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor with the approval of the Borrowers (which approval shall not be unreasonably withheld or delayed and if an Event of Default has occurred and is continuing, shall not be required, and, in the case of removal of the Collateral Agent, no approval shall be required if the successor is the same Person serving as Administrative Agent or an Affiliate of such Person). If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation or after the Required Lenders give notice of removal of the Collateral Agent (as applicable), then the retiring Agent may (or in the case of removal of the Collateral Agent the Administrative Agent may) on behalf of the Lenders, appoint a successor Agent which shall be a bank with an office in New York, New York or an Affiliate of any such bank (or, in the case of a successor Collateral Agent, may be the same Person that is serving as Administrative Agent or an affiliate of such Person). Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After an Agent's resignation or removal hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring or removed Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Agent.

Each Lender acknowledges that it has, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

Miscellaneous

SECTION 9.01 Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy as follows:

(a) if to any Borrower or the Parent, to it at The Winstar Building, 685 Third Avenue, 9th Floor, New York, New York 10017, Attention of Treasurer and General Counsel (Telecopy No. (212) 584-4001).

(b) if to the Collateral Agent, to it at One Wall Street, 18th Floor, New York, New York 10286, Attention of Genoveso Caviness, Agency Function Administration (Telecopy No. (212) 635-6365),

(c) if to the Administrative Agent, to it at 600 Mountain Avenue, Murray Hill, New Jersey 07974, Attention of Assistant Treasurer-Project Finance (Telecopy No. (908) 582-3101),

(d) if to Lucent, to it at 600 Mountain Avenue, Murray Hill, New Jersey 07974, Attention of Assistant Treasurer-Project Finance (Telecopy No. (908) 582-3101) and

(e) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02 Waivers, Amendments (a) No failure or delay by either Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agents and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether an Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except in the case of this Agreement pursuant to an agreement or agreements in writing entered into by the Parent, the Borrowers and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the applicable Agent and the Loan Party or Loan Parties that are parties thereto with the consent of the Required Lenders, provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest on such Loan, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b), (c) or (d) in a manner that would alter the pro rata sharing of payments required.

thereby, without the written consent of each Lender,
 (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder without the written consent of each Lender,
 (vi) release all or any substantial part of the Collateral or any Capital Stock pledged under the Pledge Agreement from the Liens of the Security Documents (except as expressly provided in the Security Documents), without the written consent of each Lender (vii) release any Guarantor from its Guarantee under the Guarantee Agreement (except as expressly provided in the Guarantee Agreement) or limit or condition its obligations thereunder, without the written consent of each Lender or (viii) amend modify or otherwise affect any of Lucent's rights under Section 2 18 or 2 19 or the Conversion Agreement without the written consent of Lucent provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of either Agent without the prior written consent of such Agent

SECTION 9 03 Expenses, Indemnity, Damage Waiver

(a) The Borrowers shall pay (i) all costs and expenses reasonably incurred by Lucent and each Agent, including the fees, charges and disbursements of one firm of counsel in each jurisdiction for each of Lucent or the Agents, in connection with the negotiation preparation execution and delivery of the Loan Documents (ii) all costs and expenses reasonably incurred by Lucent including the fees, charges and disbursements of counsel for Lucent, in connection with the issuance, offering or sale of any Conversion Notes and (iii) all reasonable costs and expenses incurred by either Agent or any Lender including the fees, charges and disbursements of counsel for either Agent or any Lender, in connection with (A) the enforcement or protection of its rights in connection with the Loan Documents including its rights under this Section, or in connection with the Loans made hereunder including all such costs and expenses incurred during any workout, restructuring or negotiations in respect of such Loans, and (B) in the case of Lucent and the Agents the administration of, and any amendments, modifications waivers or supplements of or to the provisions of, any of the Loan Documents, provided that the obligations of the Borrowers hereunder with respect to payment of fees charges and disbursements of counsel will be limited to (A) Cravath, Swaine & Moore, special counsel to Lucent and the Administrative Agent (or such other single firm acting in such capacity from time to time) (B) Sullivan & Cromwell special counsel to the Collateral Agent (or such other single firm acting in such capacity from time

to time), (C) one other firm of counsel to the Agents and the Lenders in each jurisdiction and (D) if necessary, special counsel to the Agents and the Lenders in such areas as telecommunications regulations

(b) The Borrowers shall indemnify each Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnatee incurred by or asserted against any Indemnatee arising out of in connection with or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby (ii) any Loan or the use of the proceeds therefrom (iii) any actual or alleged presence or release of any Hazardous Substance on or from any property owned or operated by the Parent or any of its Subsidiaries or at which any Collateral is located, or any Environmental Claim related in any way to the Parent or any of its Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing whether based on contract tort or any other theory and regardless of whether any Indemnatee is a party thereto, provided that such indemnity shall not as to any Indemnatee be available to the extent that such losses claims damages liabilities or related expenses have resulted from the gross negligence or wilful misconduct of such Indemnatee

(c) To the extent that any Borrower fails to pay any amount required to be paid by it to either Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to such Agent such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount provided that the unreimbursed expense or indemnified loss claim damage, liability or related expense as the case may be, was incurred by or asserted against such Agent in its capacity as such For purposes hereof a Lender's "pro rata share" shall be determined based upon its share of the sum of the total outstanding Loans and Commitments at the time

(d) To the extent permitted by applicable law neither the Parent nor any Borrower shall assert and each of them hereby waives any claim against any Indemnatee, on

any theory of liability for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof

(e) All amounts due under this Section shall be payable not later than 30 days after written demand therefor

SECTION 9.04 Successors and Assigns (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder (other than as expressly contemplated by Section 2.20) without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and to the extent expressly contemplated hereby, the Related Parties of each of the Agents and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement, provided that Section 2.22 is for the benefit of the Bank Lenders as provided therein

(b) Any Lender may without the consent of the Parent or any Borrower (except as expressly provided below) assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it), provided that (i) except in the case of an assignment to Lucent or a Lender or to an Affiliate of Lucent or a Lender the Administrative Agent must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed and, while an Event of Default has occurred and is continuing, shall not be required), (ii) except in the case of an assignment to Lucent or an Affiliate of Lucent or an assignment during a Refinancing Period or while an Event of Default has occurred and is continuing or an Exempt Assignment or an assignment to a Bank Lender or Bank Lenders contemplated by Section 2.22 (but subject to clause (2) below), the Borrowers must give their prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed), (iii) except in the case of an assignment to Lucent a Lender or an Affiliate of Lucent or a Lender or an assignment of the entire remaining amount of the assigning

Lender's Commitment or its entire remaining Loans or an assignment to a Bank Lender or Bank Lenders contemplated by Section 2.22, the amount of the Commitment and Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 unless the Borrowers otherwise consent, (iv) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, except that this clause (iv) shall not be construed to prohibit the assignment of a proportionate part of all of the assigning Lender's rights and obligations in respect of (A) Loans separately from (or without assigning) Commitments, (B) Commitments separately from (or without assigning) Loans or (C) Loans to one Borrower separately from (or without assigning) Loans to another Borrower, (v) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance together with a processing fee of \$3,500 and (vi) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, provided further that (1) a Fronting Commitment may be assigned without regard to compliance with clause (iii) above and without payment of the fee referred to in clause (v) above and (2) notwithstanding the exceptions to clause (ii) above, if an assignment would result in the total number of Lenders exceeding 14 (with all affiliated Lenders being treated as a single Lender for this purpose) such assignment shall require the prior written consent of the Borrowers unless such assignment is made during a Refinancing Period or while an Event of Default has occurred and is continuing, except that this clause (2) shall not apply to any assignment pursuant to Section 2.22, and any Person that becomes a Lender pursuant to an assignment pursuant to Section 2.22 (and any assignee of any such Person) shall be deemed not to be a Lender for purposes of the limitation set forth in this clause (2). Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of

Sections 2 13, 2 14, 2 15 and 9 03) Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section

(c) The Administrative Agent acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders and the Commitments of and principal amount of the Loans owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive and the Borrowers, the Agents and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder) and the processing fee referred to in clause (v) of paragraph (b) of this Section subject to the Administrative Agent's right to consent to such assignment to the extent provided in paragraph (b) of this Section the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph

(e) Any Lender may, without the consent of the Parent, any Borrower or the Administrative Agent sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it) provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells

such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents, provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant agree to any amendment, modification or waiver described in the first proviso to Section 9 02(b) that affects such Participant. Subject to paragraph (f) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2 13 2 14 and 2 15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9 08 as though it were a Lender provided such Participant agrees to be subject to Section 2 16(d) as though it were a Lender.

(f) A Participant shall not be entitled to the benefits of Section 2 15 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees for the benefit of the Borrowers, to comply with Sections 2 15(e) and (f) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank and this Section shall not apply to any such pledge or assignment of a security interest, provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9 05 Survival All covenants, agreements representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any loans regardless of any investigation made by any such other party or on its behalf and notwithstanding that either Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under

this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.13, 2.14, 2.15 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts, Integration, Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to the agreement of the Parent and the Borrowers to cooperate with Lucent with respect to marketing, selling or syndicating Loans and Commitments or with respect to fees payable to Lucent or either Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which when taken together bear the signatures of each of the other parties hereto and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9 08 Right of Setoff If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of any Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9 09 Governing Law, Jurisdiction, Consent to Service of Process (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of the Parent and the Borrowers hereby irrevocably and unconditionally submits for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document or for recognition or enforcement of any judgment and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that either Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Parent any Borrower or their properties in the courts of any jurisdiction.

(c) Each of the Parent and the Borrowers hereby irrevocably and unconditionally waives to the fullest extent it may legally and effectively do so any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court.

referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL EACH PARTY HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 9.12 Confidentiality Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing

provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Parent or any Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to either Agent or any Lender on a nonconfidential basis from a source other than the Parent or any Borrower. For the purposes of this Section "Information" means all information received from the Parent or any Borrower relating to the Parent any Borrower or their businesses, other than any such information that is publicly available or available to either Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent or any Borrower provided that such information is identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13 Interest Rate Limitation

Notwithstanding anything herein to the contrary if at any time the interest rate applicable to any Loan together with all fees charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for charged taken, received or reserved by the Lender holding such Loan in accordance with applicable law the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

ARTICLE X

Subsidiaries

SECTION 10 01 Restricted Subsidiaries (a) On the Effective Date, Restricted Subsidiaries shall consist of the Subsidiaries listed as Restricted Subsidiaries on Schedule 3 02

(b) Upon the occurrence of the last of all of the following events with respect to a Subsidiary such Subsidiary shall become a Restricted Subsidiary (1) the Subsidiary is or becomes a Subsidiary of the Bank Borrower and 80% or more of the Capital Stock and Voting Stock of the Subsidiary is owned through Restricted Subsidiaries, by the Bank Borrower (ii) the Subsidiary Guarantees the Bank Loans, (iii) the Subsidiary pledges a substantial majority of its assets to secure the Bank Loans, (iv) all of the Capital Stock of the Subsidiary owned by the Bank Borrower and Restricted Subsidiaries is pledged to secure the Bank Loans and (v) notice of the foregoing shall have been received by the Administrative Agent

(c) Upon the occurrence of the last of all of the following events with respect to a Subsidiary organized under laws of a jurisdiction outside the United States such Subsidiary shall become a Restricted Subsidiary (i) the Subsidiary is or becomes a Wholly Owned Subsidiary of the Bank Borrower, (ii) the Subsidiary Guarantees the Bank Loans to the extent legally permissible or except as reasonably determined by the Bank Agent to be impractical (iii) the Subsidiary pledges substantially all of its assets to secure the Bank Loans to the extent legally permissible, except as reasonably determined by the Bank Agent to be impractical, (iv) all of the Capital Stock and Voting Stock of the Subsidiary is pledged to secure the Bank Loans to the extent legally permissible, except as reasonably determined by the Bank Agent to be impractical and (v) notice of the foregoing shall have been received by the Administrative Agent provided that if any of the actions set forth in (ii), (iii) or (iv) above are not legally permissible or are reasonably determined by the Bank Agent to be impractical but become legally permissible or are reasonably determined by the Bank Agent not to be impractical at any time after the date hereof such Subsidiary shall take such actions if requested by the Bank Agent within 30 days of such request

(d) (1) Upon the occurrence of any of the following events, a Restricted Subsidiary (the "Converting Restricted Subsidiary") shall automatically and without further action by any Person cease to be a Restricted Subsidiary (A) at least 80% of the Capital Stock and

Voting Stock of the Converting Restricted Subsidiary ceases to be owned directly or indirectly through Restricted Subsidiaries, by the Bank Borrower (B) the Guarantee, if any of the Converting Restricted Subsidiary of the Bank Loans is released involuntarily in whole or part or otherwise becomes unenforceable in any material respect or (C) the assets of the Converting Restricted Subsidiary pledged to secure the Bank Loans, if any, are released involuntarily in whole or part, or the Lien if any, in favor of the Bank Lenders on any material portion of the Bank Collateral contemplated under the Bank Credit Documents is unenforceable or ineffective, except as otherwise permitted thereunder, (D) for a Converting Restricted Subsidiary organized under the laws of the United States less than all of the Capital Stock of the Converting Restricted Subsidiary owned by the Bank Borrower and Restricted Subsidiaries remains pledged to secure the Bank Loans, (E) for a Converting Restricted Subsidiary organized under the laws of a jurisdiction outside the United States, Capital Stock and Voting Stock constituting less than (1) the lesser of the Capital Stock and Voting Stock owned by the Bank Borrower and Restricted Subsidiaries or (2) 66% of the Capital Stock and Voting Stock of the Converting Restricted Subsidiary remains pledged to secure the Bank Loans or (F) the Converting Restricted Subsidiary ceases to be a Wholly Owned Subsidiary of the Bank Borrower and (1) is not a guarantor under the Bank Credit Documents or (2) has not pledged a substantial majority of its assets to secure the Bank Loans provided further that Temporary Restricted Subsidiaries are not subject to this paragraph (d) provided, moreover that a conversion under this paragraph is deemed to be an Investment in Principal Subsidiaries under Section 6 04(b)(xix) as of the date of such conversion whether or not such an Investment is permitted pursuant to that Section

(ii) Upon the occurrence of any of the events specified in Section 10 01(d)(1) a Converting Restricted Subsidiary shall automatically and without further action by any Person become (A) a Principal Subsidiary if it meets the requirements set forth in Sections 10 02(b) or (c), (B) a Designated Foreign Subsidiary if it meets the requirements set forth in Section 10 03(b) or (c) or (C) an Unrestricted Subsidiary if it does not meet any of the requirements set forth in the preceding clauses (A) and (B)

(e) Subject to the provisions of Section 6 04(b)(xix), upon the occurrence of the last of all of the following events, a Restricted Subsidiary shall become a Principal Subsidiary voluntarily (1) the Restricted

141

Subsidiary is designated a Principal Subsidiary by the Board of Directors of the Parent and (ii) notice of the foregoing shall have been received by the Administrative Agent. Upon conversion to a Principal Subsidiary pursuant to this paragraph (e) provided that no default under the Bank Loan Agreement exists, the Bank Agent shall promptly release the assets of the Subsidiary and any Capital Stock of the Subsidiary not owned by the Bank Borrower or any Restricted Subsidiary from the Lien of the Bank Credit Documents and release such Principal Subsidiary from its Guarantee of the Bank Loans.

(f) Subject to the provisions of Article VI, upon the occurrence of the last of the following events, a Restricted Subsidiary shall become an Unrestricted Subsidiary voluntarily (i) the Restricted Subsidiary is designated as an Unrestricted Subsidiary by the Board of Directors of the Parent and (ii) notice of the foregoing shall have been received by the Administrative Agent. Upon conversion to an Unrestricted Subsidiary provided that no default under the Bank Credit Agreement exists, the Bank Agent shall promptly release the assets of the Unrestricted Subsidiary and the Capital Stock of the Unrestricted Subsidiary from the Lien of the Bank Credit Documents and release such Unrestricted Subsidiary from its Guarantee of the Bank Loans.

SECTION 10 02 Principal Subsidiaries (a) On the Effective Date Principal Subsidiaries shall consist of the Subsidiaries listed as Principal Subsidiaries on Schedule 3 02

(b) Subject to the provisions of Section 6 04(b)(xix) upon the occurrence of the last of each of the following events with respect to a Subsidiary organized under the laws of any jurisdiction within the United States or any state thereof, such Subsidiary shall become a Principal Subsidiary (i) all of the Voting Stock of the Subsidiary owned by the Bank Borrower or Restricted Subsidiaries is pledged to secure the Bank Loans and (ii) notice thereof shall have been received by the Administrative Agent.

(c) Subject to the provisions of Section 6 04(b)(xix) upon the occurrence of the last of each of the following events with respect to a Subsidiary organized under the laws of a jurisdiction outside the United States, such Subsidiary shall become a Principal Subsidiary (i) the lesser of the Voting Stock owned by the Bank Borrower or Restricted Subsidiaries or 66% of the Voting Stock of the Subsidiary is pledged to secure the Bank Loans.

to the extent legally permissible except as determined by the Bank Agent to be impractical and (ii) notice of the foregoing shall have been received by the Administrative Agent

(d) Subject to the provisions of Section 6 04(b)(xx), upon the occurrence of the later of each of the following events a Principal Subsidiary shall become an Unrestricted Subsidiary voluntarily (i) the Principal Subsidiary is designated as an Unrestricted Subsidiary by the Board of Directors of the Parent and (ii) notice of the foregoing shall have been received by the Administrative Agent Upon conversion to a Unrestricted Subsidiary in the case of clause (i), provided that no default under the Bank Credit Agreement exists, the Bank Agent shall release the Capital Stock of such Unrestricted Subsidiary from the lien of the Bank Credit Documents

(e) Upon the occurrence of any of the following events a Principal Subsidiary shall automatically and without further action by any Person become an Unrestricted Subsidiary (i) all of the Voting Stock of the Principal Subsidiary owned by the Bank Borrower or Restricted Subsidiaries is not pledged to secure the Bank Loans to the extent legally permissible, except as determined by the Bank Agent to be impractical (ii) the pledge of the Capital Stock of the Principal Subsidiary is not enforceable or (iii) a conversion of the Principal Subsidiary to an Unrestricted Subsidiary pursuant to Article VIII provided that a conversion under this paragraph is deemed to be an Investment in Unrestricted Subsidiaries under Section 6 04(b)(xx) as of the date of such conversion whether or not such an Investment is permitted pursuant to that Section

SECTION 10 03 Designated Foreign Subsidiaries

(a) On the Effective Date Designated Foreign Subsidiaries shall consist of the Subsidiaries listed as Designated Foreign Subsidiaries on Schedule 3 02

(b) Upon the occurrence of the last of each of the following events with respect to a Subsidiary organized under the laws of a jurisdiction outside the United States, such Subsidiary shall become a Designated Foreign Subsidiary (i) the Subsidiary becomes a Wholly Owned Subsidiary of the Bank Borrower, (ii) the Subsidiary is designated as Designated Foreign Subsidiary by the Board of Directors of the Parent, (iii) none of the Capital Stock of the Subsidiary is pledged as collateral to any Person other than a Consolidated Group Member, and (iv) notice of the foregoing shall have been received by the Administrative Agent

(c) Upon the occurrence of any of the following events, a Designated Foreign Subsidiary shall automatically and without further action by any Person become an Unrestricted Subsidiary (i) the Designated Foreign Subsidiary shall cease to be a Wholly Owned Subsidiary of the Bank Borrower (ii) any of the Capital Stock of the Subsidiary is pledged as collateral to any Person other than a Consolidated Group Member or the Bank Lenders or Bank L/C Issuer or (iii) a conversion of the Designated Foreign Subsidiary to an Unrestricted Subsidiary pursuant to Article VIII provided that a conversion under this paragraph is deemed to be an Investment in Unrestricted Subsidiaries under Section 6 04(b)(xx) as of the date of such conversion whether or not such an Investment is permitted pursuant to that Section

(d) Subject to the provisions of Section 6 04(b)(xx), upon the occurrence of the last to occur of the following events, a Designated Foreign Subsidiary shall become an Unrestricted Subsidiary voluntarily (i) the Designated Foreign Subsidiary is designated as an Unrestricted Subsidiary by the Board of Directors of the Parent and (ii) notice of the foregoing shall have been received by the Administrative Agent

SECTION 10 04 Temporary Restricted Subsidiaries
On the Effective Date Temporary Restricted Subsidiaries shall consist of Subsidiaries which are listed as Temporary Restricted Subsidiaries on Schedule 3 02 all of whose Voting Stock is pledged to secure the Bank Loans under the Bank Credit Documents but which Subsidiaries have not otherwise Guaranteed the Bank Loans or pledged all of their assets to secure the Bank Loans under the Bank Credit Documents

SECTION 10 05 Administrative Agent Duties The Administrative Agent shall keep a register of Restricted Subsidiaries Temporary Restricted Subsidiaries, Principal Subsidiaries and Designated Foreign Subsidiaries under this Agreement

SECTION 10 06 Additional Subsidiaries If any additional Subsidiary of the Bank Borrower is formed or acquired after the Effective Date, the Parent will notify the Administrative Agent and the Lenders thereof and such Subsidiary shall be deemed an Unrestricted Subsidiary until such time as the Subsidiary becomes a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary pursuant to this Article X

SECTION 10 07 Designation of Subsidiaries Under Bank Credit Agreement The Parent shall take such action as necessary in order that each Subsidiary of the Bank Borrower has the same classification hereunder and under the analogous provisions of the Bank Credit Agreement

SECTION 10 08 Conversions Upon Prepayment In accordance with other provisions of this Article X, at the time of, or substantially simultaneously with, a Borrower becoming a Released Borrower, such Released Borrower shall become a Restricted Subsidiary and each Subsidiary, if any of the Released Borrower shall be designated by the Bank Borrower as a Restricted Subsidiary, Principal Subsidiary or Designated Foreign Subsidiary (or, failing any such designation, shall be deemed designated an Unrestricted Subsidiary), provided that (a) no more than 10% of the assets financed by any Loans to such Released Borrower shall be owned by Subsidiaries if any of such Released Borrower that remain Unrestricted Subsidiaries and (b) no more than 20% of the assets financed by any Loans to such Released Borrower shall be owned by Subsidiaries, if any, of the Released Borrower that are or become Principal Subsidiaries or Designated Foreign Subsidiaries except in the case of either clause (a) or (b) above, as may be otherwise permitted under this Agreement Any designation of a Subsidiary of a Released Borrower under this Section 10 08 shall not be deemed an Investment under Section 6 04 The calculations under this Section 10 08 for the determination of the percentage of assets owned by a Person shall be based on the purchase price of the assets and other costs directly attributable or allocable to the acquisition of such assets

IN WITNESS WHEREOF, the parties hereto have caused
this Agreement to be duly executed by their respective
authorized officers as of the day and year first above
written

WVF-I LLC,

by
/s/ Frederic E Rubin
Name Frederic E Rubin
Title Vice-President;
Treasurer

WINSTAR COMMUNICATIONS, INC ,

by
/s/ Frederic E Rubin
Name Frederic E Rubin
Title Senior Vice President
Treasurer

THE BANK OF NEW YORK as
Collateral Agent,

by
/s/ Brendan T Nedzi
Name Brendan T Nedzi
Title Senior Vice President

LUCENT TECHNOLOGIES INC ,
individually and as
Administrative Agent,

by
/s/ Peter M Sperling
Name Peter M Sperling
Title Director, Credit

Schedule 2 01

Commitments

<u>Lender</u>	<u>Commitment Amount</u>
Lucent Technologies Inc	\$2,000,000,000

Schedule 3.02 - Subsidiaries

Restricted Subs	Jurisdiction of Organization	Authorized Capital	Issued Capital
WCI Capital Corp	Delaware	200 common	100 shares held by Winstar Communications Inc
Winstar Wireless, Inc	Delaware	200 common	90 shares held by Winstar Communications Inc
Winstar A/R SPE, LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar A/R Account Party, LLC	Delaware	n/a	Winstar A/R SPE, LLC is sole member
Winstar Broadband Acquisition 1999, LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Government Solutions, LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Midcom Acquisition Corp	Delaware	200 common	100 shares held by Winstar Wireless, Inc
Winstar Network Expansion, LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
WWI License Holding, Inc	Delaware	200 common	100 held by Winstar Wireless, Inc
Winstar Equipment Corp	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar Equipment II Corp	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar Wireless Fiber Corp	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar LMDS, LLC	Delaware	n/a	Winstar Wireless Fiber Corp is sole member
Winstar Credit Corp	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar Switch Acquisition Corp	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar New Media Company, Inc	Delaware	25.0 million common 1 million preferred	17,494,371 common shares held by WCI Capital Corp 1.0 million common shares held by non affiliates
Winstar Interactive Media Sales, Inc.	Delaware	3,000 common	100 shares held by Winstar New Media Company, Inc
Winstar EasyNet, Inc	Delaware	1,000 common	500 shares held by Winstar New Media Company, Inc
Winstar Interactive Ventures I, Inc	Delaware	200 common	100 shares held by Winstar New Media Company, Inc
Winstar Global Media, Inc	New York	200 common	100 shares held by Winstar New Media Company, Inc
Winstar Radio Networks, Inc	Delaware	200 common	100 shares held by Winstar New Media Company, Inc
Walt Baby Loya Productions, Inc	California	100,000 common	100 shares held by Winstar Radio Networks, Inc
Non Fiction Films, Inc	Delaware	200 common	90 shares held by Winstar New Media Company, Inc
Fox/Lorber Associates, Inc	New York	5.0 million common	100 shares held by Non Fiction Films, Inc
Wellspring Media, Inc	Delaware	40,000 common 15,000 class A common 12,000 preferred	100 shares held by Winstar New Media Company, Inc
Winstar Broadcasting Corp	Delaware	200 common	100 shares held by Winstar New Media Company, Inc
Sponsian Radio Network, Inc	Delaware	1,000 common	500 shares held by Winstar New Media Company, Inc

Temporary Rest. Subs	Jurisdiction of Organization	Authorized Capital	Issued Capital
Winstar Wireless of Delaware LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of Georgia LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of Indiana LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of New Jersey LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of New York LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of Pennsylvania LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of Virginia LLC	Virginia	n/a	Winstar Wireless, Inc is sole member
Winstar Wireless of West Virginia LLC	Delaware	n/a	Winstar Wireless, Inc is sole member
Unrestricted Subs			
	Jurisdiction of Organization	Authorized Capital	Issued Capital
Winstar for Business, Inc	Delaware		
Office com, Inc	Delaware	9 000 common 1 000 preferred	150 common shares and 222 Series A Convertible Preferred shares held by Winstar for Business, Inc 50 common shares and 111 Series A Convertible Preferred shares held by CBS, Inc
Individual com, Inc	Delaware	25 million common	4 0 million shares held by Office com, Inc 1 0 million shares held by NewsEdge Corporation
At Your Office, Inc	Delaware	200 common	100 shares held by Winstar New Media Company, Inc
Winstar International Inc	Delaware	200 common	100 shares held by WCI Capital Corp
Winstar Europe SA	Belgium		
Winstar Japan	Japan		
Winstar Australia Pty Ltd	Australia		
Winstar del Peru, S.R.L.	Peru		
Winstar International Hongkong Holding (BVI) Ltd	British Virgin Islands		
Winstar Hongkong (BVI) Limited	British Virgin Islands		
Winstar Communications Hongkong Limited	Hong Kong		
Winstar Argentina SA	Argentina		
Comnet SA	Argentina		
Winstar Venezuela CA	Venezuela		
Winstar Holdings do Brasil, Ltda.	Brazil		
Winstar do Brazil, Ltda.	Brazil		
Winstar Columbia, Ltda.	Columbia		
Winstar Holdings BV	The Netherlands		
Winstar Communications GMBH	Germany		

Winstar Communications BV	The Netherlands		
Winstar Communications SA (France)	France		
Winstar Communications Ltd (UK)	UK		
Winstar Communications SA (Spain)	Spain		
Winstar Communications SA (Switz)	Switzerland		
Winstar Communications SA (Belgium)	Belgium		
Winstar Communications of Canada Inc	Canada		
Winstar Puerto Rico, Inc	Puerto Rico		
WVF LLC	Delaware	11/1	Winstar Wireless, Inc is sole member

Schedule 3 05A - Litigation

None

5

Schedule 1 USB - Labor Controversies

Name

6

Schedule 107 - Material Adverse Circumstances

None

7

Schedule J 1A - Telecommunications Licenses

i Summary of Winstar 38 GHz License Holdings

ID	Licensor	Call Sign	Service Area	Service Type	# of Channels
1	Winstar Wireless Fiber Corp	WJPC619	Poughkeepsie NY	38GHz	1
2	Winstar Wireless Fiber Corp	WMG833	Baltimore MD	38GHz	1
3	Winstar Wireless Fiber Corp	WMG834	Long Island NY	38GHz	1
4	Winstar Wireless Fiber Corp	WMG835	Northeast NJ	38GHz	1
5	Winstar Wireless Fiber Corp	WMK415	New York NY	38GHz	1
6	Winstar Wireless Fiber Corp	WMN318	Seattle, WA	38GHz	7
7	Winstar Wireless Fiber Corp	WMN319	Atlanta GA	38GHz	4
8	Winstar Wireless Fiber Corp	WMN320	Baltimore MD	38GHz	6
9	Winstar Wireless Fiber Corp	WMN321	Boston MA	38GHz	6
10	Winstar Wireless Fiber Corp	WMN322	Buffalo, NY	38GHz	7
11	Winstar Wireless Fiber Corp	WMN323	Chicago IL	38GHz	6
12	Winstar Wireless Fiber Corp	WMN324	Cincinnati, OH	38GHz	7 (one is 2x 50 MHz)
13	Winstar Wireless Fiber Corp	WMN325	Cleveland OH	38GHz	6
14	Winstar Wireless Fiber Corp	WMN326	Dallas TX	38GHz	4
15	Winstar Wireless Fiber Corp	WMN327	Denver CO	38GHz	6
16	Winstar Wireless Fiber Corp	WMN328	Detroit MI	38GHz	6
17	Winstar Wireless Fiber Corp	WMN329	Houston TX	38GHz	7
18	Winstar Wireless Fiber Corp	WMN330	Kansas City KS	38GHz	6
19	Winstar Wireless Fiber Corp	WMN331	Los Angeles CA	38GHz	4
20	Winstar Wireless Fiber Corp	WMN332	Miami, FL	38GHz	7
21	Winstar Wireless Fiber Corp	WMN333	Milwaukee WI	38GHz	6
22	Winstar Wireless Fiber Corp	WMN334	Minneapolis, MN	38GHz	6
23	Winstar Wireless Fiber Corp	WMN335	New York (LI), NY	38GHz	6
24	Winstar Wireless Fiber Corp	WMN336	New York (West), NY	38GHz	6
25	Winstar Wireless Fiber Corp	WMN337	New York (Man) NY	38GHz	7
26	Winstar Wireless Fiber Corp	WMN338	Philadelphia, PA	38GHz	5
27	Winstar Wireless Fiber Corp	WMN339	Phoenix, AZ	38GHz	6
28	Winstar Wireless Fiber Corp	WMN340	Pittsburgh, PA	38GHz	5

29	Winstar Wireless Fiber Corp	WMN341	San Diego CA	18GHz	3
30	Winstar Wireless Fiber Corp	WMN342	San Francisco, CA	18GHz	4
31	Winstar Wireless Fiber Corp	WMN343	Spokane, WA	18GHz	7
32	Winstar Wireless Fiber Corp	WMN344	St Louis MO	18GHz	6
33	Winstar Wireless Fiber Corp	WMN345	Tacoma, WA	18GHz	6
34	Winstar Wireless Fiber Corp	WMN346	Tampa FL	18GHz	7
35	Winstar Wireless Fiber Corp	WMN347	Washington D C	18GHz	6
36	Winstar Wireless Fiber Corp	WMT531	Austin, TX	18GHz	1
37	Winstar Wireless Fiber Corp	WMT602	Houston, TX	18GHz	1
38	Winstar Wireless Fiber Corp	WMT603	Buffalo NY	18GHz	1
39	Winstar Wireless Fiber Corp	WMT604	Phoenix, AZ	18GHz	1
40	Winstar Wireless Fiber Corp	WMT605	Pittsburgh, PA	18GHz	1
41	Winstar Wireless Fiber Corp	WMT606	Seattle, WA	18GHz	1
42	Winstar Wireless Fiber Corp	WMT607	Denver CO	18GHz	1
43	Winstar Wireless Fiber Corp	WMT608	Charlotte NC	18GHz	1
44	Winstar Wireless Fiber Corp	WMT609	Chicago IL	18GHz	1
45	Winstar Wireless Fiber Corp	WMT610	Dallas TX	18GHz	1
46	Winstar Wireless Fiber Corp	WMT611	Cincinnati OH	18GHz	1
47	Winstar Wireless Fiber Corp	WMT612	Cleveland OH	18GHz	1
48	Winstar Wireless Fiber Corp	WMT613	Columbus OH	18GHz	1
49	Winstar Wireless Fiber Corp	WMT614	Orlando, FL	18GHz	1
50	Winstar Wireless Fiber Corp	WMT615	Washington, D C	18GHz	1
51	Winstar Wireless Fiber Corp	WMT616	St Louis MO	18GHz	1
52	Winstar Wireless Fiber Corp	WMT670	Honolulu HI	18GHz	1
53	Winstar Wireless Fiber Corp	WMT671	Minneapolis, MN	18GHz	1
54	Winstar Wireless Fiber Corp	WMT672	Memphis, TN	18GHz	1
55	Winstar Wireless Fiber Corp	WMT673	New York Man NY	18GHz	1
56	Winstar Wireless Fiber Corp	WMT674	Atlanta, GA	18GHz	1
57	Winstar Wireless Fiber Corp	WMT675	Boston MA	18GHz	1
58	Winstar Wireless Fiber Corp	WMT676	Los Angeles CA	18GHz	1
59	Winstar Wireless Fiber Corp	WMT677	Milwaukee, WI	18GHz	1
60	Winstar Wireless Fiber Corp	WMT678	Detroit, MI	18GHz	1
61	Winstar Wireless Fiber Corp	WMT679	Kansas City KS	18GHz	1
62	Winstar Wireless Fiber Corp	WMT686	Boston MA	18GHz	1
63	Winstar Wireless Fiber Corp	WMT763	Rochester, NY	18GHz	1

64	Winstar Wireless Fiber Corp	WMT817	Richmond, VA	38GHz	1
65	Winstar Wireless Fiber Corp	WMT818	Nashville TN	38GHz	1
66	Winstar Wireless Fiber Corp	WMT819	Austin, TX	38GHz	1
67	Winstar Wireless Fiber Corp	WMT820	San Juan, PR	38GHz	1
68	Winstar Wireless Fiber Corp	WMT821	Portland, OR	38GHz	1
69	Winstar Wireless Fiber Corp	WMT822	Norfolk, VA	38GHz	1
70	Winstar Wireless Fiber Corp	WMT823	San Antonio, TX	38GHz	1
71	Winstar Wireless Fiber Corp	WMT824	Jacksonville FL	38GHz	1
72	Winstar Wireless Fiber Corp	WMT826	Providence, RI	38GHz	1
73	Winstar Wireless Fiber Corp	WMT827	Dayton, OH	38GHz	1
74	Winstar Wireless Fiber Corp	WMT828	Tampa FL	38GHz	1
75	Winstar Wireless Fiber Corp	WMT829	Miami FL	38GHz	1
76	Winstar Wireless Fiber Corp	WMT830	Raleigh NC	38GHz	1
77	Winstar Wireless Fiber Corp	WMT831	West Palm Beach FL	38GHz	1
78	Winstar Wireless Fiber Corp	WMT832	Indianapolis IN	38GHz	1
79	Winstar Wireless Fiber Corp	WMT833	New York, NY	38GHz	1
80	Winstar Wireless Fiber Corp	WMT834	Austin TX	38GHz	1
81	Winstar Wireless Fiber Corp	WMT835	Indianapolis IN	38GHz	1
82	Winstar Wireless Fiber Corp	WMT836	Jacksonville, FL	38GHz	1
83	Winstar Wireless Fiber Corp	WMT837	Memphis TN	38GHz	1
84	Winstar Wireless Fiber Corp	WMT838	Omaha NE	38GHz	1
85	Winstar Wireless Fiber Corp	WMT839	San Antonio, TX	38GHz	1
86	Winstar Wireless Fiber Corp	WMT840	Sacramento, CA	38GHz	1
87	Winstar Wireless Fiber Corp	WMT841	Charlotte NC	38GHz	1
88	Winstar Wireless Fiber Corp	WMT842	New Orleans LA	38GHz	1
89	Winstar Wireless Fiber Corp	WMT843	Norfolk VA	38GHz	1
90	Winstar Wireless Fiber Corp	WMT844	Oklahoma City OK	38GHz	1
91	Winstar Wireless Fiber Corp	WMT845	Portland, OR	38GHz	1
92	Winstar Wireless Fiber Corp	WMT846	San Francisco, CA	38GHz	1
93	Winstar Wireless Fiber Corp	WMT847	Hartford CT	38GHz	1
94	Winstar Wireless Fiber Corp	WMT848	Philadelphia PA	38GHz	1
95	Winstar Wireless Fiber Corp	WMT849	Las Vegas, NV	38GHz	1
96	Winstar Wireless Fiber Corp	WMT850	Spokane WA	38GHz	1
97	Winstar Wireless Fiber Corp	WMT851	Portland OR	38GHz	1
98	Winstar Wireless Fiber Corp	WMT852	Philadelphia, PA	38GHz	1

99	Winstar Wireless Fiber Corp	WPJA785	Dallas, TX	38GHz	1
100	Winstar Wireless Fiber Corp	WPJA786	Baltimore, MD	38GHz	1
101	Winstar Wireless Fiber Corp	WPJA793	Mobile, AL	38GHz	1
102	Winstar Wireless Fiber Corp	WPJA794	Harrisburg, PA	38GHz	1
103	Winstar Wireless Fiber Corp	WPJA795	Chattanooga, TN	38GHz	1
104	Winstar Wireless Fiber Corp	WPJA796	Spokane, WA	38GHz	1
105	Winstar Wireless Fiber Corp	WPJA797	Tulsa, OK	38GHz	1
106	Winstar Wireless Fiber Corp	WPJA798	El Paso, TX	38GHz	1
107	Winstar Wireless Fiber Corp	WPJA799	Syracuse, NY	38GHz	1
108	Winstar Wireless Fiber Corp	WPJC253	Birmingham, AL	38GHz	1
109	WWI License Holding, Inc.	WPJC352	Stamford, CT	38GHz	1
110	WWI License Holding, Inc	WPJC391	Boise City, ID	38GHz	1
111	Winstar Wireless Fiber Corp	WPJC369	Norfolk, VA	38GHz	1
112	Winstar Wireless Fiber Corp	WPJC370	Monterey, CA	38GHz	1
113	Winstar Wireless Fiber Corp	WPJC371	Memphis, TN	38GHz	1
114	Winstar Wireless Fiber Corp	WPJC372	Las Vegas, NV	38GHz	1
115	Winstar Wireless Fiber Corp	WPJC373	Indianapolis, IN	38GHz	1
116	Winstar Wireless Fiber Corp	WPJC374	Greensboro, NC	38GHz	1
117	Winstar Wireless Fiber Corp	WPJC375	Dayton, OH	38GHz	1
118	Winstar Wireless Fiber Corp	WPJC376	Columbus, OH	38GHz	1
119	Winstar Wireless Fiber Corp	WPJC377	Salt Lake City, UT	38GHz	1
120	Winstar Wireless Fiber Corp	WPJC378	Tampa, FL	38GHz	1
121	Winstar Wireless Fiber Corp	WPJC379	Tulsa, OK	38GHz	1
122	Winstar Wireless Fiber Corp	WPJC609	Jackson, MS	38GHz	1
123	Winstar Wireless Fiber Corp	WPJC610	Omaha, NE	38GHz	1
124	Winstar Wireless Fiber Corp	WPJC611	Little Rock, AR	38GHz	1
125	Winstar Wireless Fiber Corp	WPJC612	Birmingham, AL	38GHz	1
126	Winstar Wireless Fiber Corp	WPJC613	Battle Creek, MI	38GHz	1
127	Winstar Wireless Fiber Corp	WPJC614	Albany, NY	38GHz	1
128	Winstar Wireless Fiber Corp	WPJC615	Toledo, OH	38GHz	1
129	Winstar Wireless Fiber Corp	WPJC616	Albuquerque, NM	38GHz	1
130	Winstar Wireless Fiber Corp	WPJC617	Columbia, SC	38GHz	1
131	Winstar Wireless Fiber Corp	WPJC618	Ogden, UT	38GHz	1
132	Winstar Wireless Fiber Corp	WPJC620	Louisville, KY	38GHz	1
133	Winstar Wireless Fiber Corp	WPJC622	Grand Rapids, MI	38GHz	1

134	Winstar Wireless Fiber Corp	WPJC710	Madison WI	38GHz	1
135	Winstar Wireless Fiber Corp	WPJC711	Green Bay MI	38GHz	1
136	Winstar Wireless Fiber Corp	WPJC928	Greenville SC	38GHz	1
137	Winstar Wireless Fiber Corp	WPJC929	Wichita KS	38GHz	1
138	Winstar Wireless Fiber Corp	WPJC984	Allentown PA	38GHz	1
139	Winstar Wireless Fiber Corp	WPJC985	Youngstown OH	38GHz	1
140	Winstar Wireless Fiber Corp	WPJC986	Fl Worth TX	38GHz	1
141	Winstar Wireless Fiber Corp	WPJC987	Danbury CT	38GHz	1
142	Winstar Wireless Fiber Corp	WPJC988	Capo Cod MA	38GHz	1
143	Winstar Wireless Fiber Corp	WPJC989	New Brunswick NJ	38GHz	1
144	Winstar Wireless Fiber Corp	WPJC990	McBourne FL	38GHz	1
145	Winstar Wireless Fiber Corp	WPJC991	South Bend IN	38GHz	1
146	Winstar Wireless Fiber Corp	WPJD393	Baton Rouge LA	38GHz	1
147	Winstar Wireless Fiber Corp	WPJD394	Greensboro NC	38GHz	1
148	Winstar Wireless Fiber Corp	WPJD395	New Orleans LA	38GHz	1
149	Winstar Wireless Fiber Corp	WPJD856	Souhampton NY	38GHz	1
150	Winstar Wireless Fiber Corp	WPJD860	Toledo OH	38GHz	1
151	Winstar Wireless Fiber Corp	WPJD861	W Palm Beach FL	38GHz	1
152	Winstar Wireless Fiber Corp	WPJD862	Poughkeepsie NY	38GHz	1
153	Winstar Wireless Fiber Corp	WPJD863	Fl Worth TX	38GHz	1
154	Winstar Wireless Fiber Corp	WPJD864	Baton Rouge LA	38GHz	1
155	Winstar Wireless Fiber Corp	WPJD865	Rockford IL	38GHz	1
156	Winstar Wireless Fiber Corp	WPJD866	Shreveport LA	38GHz	1
157	Winstar Wireless Fiber Corp	WPJD867	Canton OH	38GHz	1
158	Winstar Wireless Fiber Corp	WPJD868	Louisville KY	38GHz	1
159	Winstar Wireless Fiber Corp	WPJD869	Flint MI	38GHz	1
160	Winstar Wireless Fiber Corp	WPJD870	Syracuse NY	38GHz	1
161	Winstar Wireless Fiber Corp	WPJD871	Corpus Christi TX	38GHz	1
162	Winstar Wireless Fiber Corp	WPJD872	Montgomery AL	38GHz	1
163	Winstar Wireless Fiber Corp	WPJD873	Scranton PA	38GHz	1
164	Winstar Wireless Fiber Corp	WPJD874	Savannah GA	38GHz	1
165	Winstar Wireless Fiber Corp	WPJD875	Reno NV	38GHz	1
166	Winstar Wireless Fiber Corp	WPJD876	Springfield MA	38GHz	1
167	Winstar Wireless Fiber Corp	WPJD877	Fl Worth TX	38GHz	1
168	Winstar Wireless Fiber Corp	WPJD878	Peoria IL	38GHz	1

169	Winstar Wireless Fiber Corp	WPJD879	Toledo, OH	38GHz	1
170	Winstar Wireless Fiber Corp	WPJE262	El Worth TX	38GHz	1
171	Winstar Wireless Fiber Corp	WPJC263	Saginaw MI	38GHz	1
172	Winstar Wireless Fiber Corp	WPJE530	Saginaw MI	38GHz	1
173	Winstar Wireless Fiber Corp	WPJE531	Poughkeepsie NY	38GHz	1
174	Winstar Wireless Fiber Corp	WPJE532	Boise ID	38GHz	1
175	Winstar Wireless Fiber Corp	WPJE533	Mobile, AL	38GHz	1
176	Winstar Wireless Fiber Corp	WPJE534	Springfield MA	38GHz	1
177	Winstar Wireless Fiber Corp	WPJE535	Wichita KS	38GHz	1
178	Winstar Wireless Fiber Corp	WPJE536	El Worth TX	38GHz	1
179	Winstar Wireless Fiber Corp	WPJE537	Rockford IL	38GHz	1
180	Winstar Wireless Fiber Corp	WPJE538	Honolulu HI	38GHz	1
181	Winstar Wireless Fiber Corp	WPJE539	Wichita, KS	38GHz	1
182	Winstar Wireless Fiber Corp	WPJE792	Lansing, MI	38GHz	1
183	Winstar Wireless Fiber Corp	WPJE793	Saginaw MI	38GHz	1
184	Winstar Wireless Fiber Corp	WPJE794	Stockton CA	38GHz	1
185	Winstar Wireless Fiber Corp	WPJE795	Atlantic City NJ	38GHz	1
186	Winstar Wireless Fiber Corp	WPNA368	Fresno, CA	38GHz	1 total (2 x 50 MHz)
187	Winstar Wireless Fiber Corp	WPNA369	Bakersfield, CA	38GHz	1 total (2 x 50 MHz)
188	Winstar Wireless Fiber Corp	WPNA372	Eureka, CA	38GHz	1 total (2 x 50 MHz)
189	No Wire LLC	WPNA388	Topoka KS	38GHz	1
190	No Wire LLC	WPNA436	Nashville TN	38GHz	1
191	No Wire, LLC	WPNA520	Shreveport, LA	38GHz	1
192	Winstar Wireless Fiber Corp	WPNA526	San Luis Obispo, CA	38GHz	1 total (2 x 50 MHz)
193	Winstar Wireless Fiber Corp	WPNA663	Miami, FL	38GHz	1
194	No Wire, LLC	WPNA672	Charleston, SC	38GHz	1
195	No Wire, LLC	WPNA673	Roanoke VA	38GHz	1
196	Winstar Wireless Fiber Corp	WPNA676	Savannah GA	38GHz	1
197	Winstar Wireless Fiber Corp	WPNA681	Oxnard, CA	38GHz	1 total (2 x 50 MHz)
198	Winstar Wireless Fiber Corp	WPNA684	Los Angeles CA	38GHz	1
199	Winstar Wireless Fiber Corp	WPNC471	Cincinnati OH	38GHz	1

200	Winstar Wireless Fiber Corp	WPND496	Knoxville, TN	38GHz	1
201	WWI License Holding, Inc	WPND497	Shreveport LA	38GHz	1
202	Winstar Wireless Fiber Corp	WPND514	Milwaukee WI	38GHz	1
203	Winstar Wireless Fiber Corp	WPND515	Pittsburgh, PA	38GHz	1
204	Winstar Wireless Fiber Corp	WPND516	Atlanta GA	38GHz	1
205	Winstar Wireless Fiber Corp	WPND517	Chicago IL	38GHz	1
206	Winstar Wireless Fiber Corp	WPND518	Denver CO	38GHz	1
207	Winstar Wireless Fiber Corp	WPND614	Colorado Springs CO	38GHz	1
208	Winstar Wireless Fiber Corp	WPND619	Tucson AZ	38GHz	1
209	Winstar Wireless Fiber Corp	WPND620	Phoenix, AZ	38GHz	1
210	Winstar Wireless Fiber Corp	WPND621	Detroit, MI	38GHz	1
211	Winstar Wireless Fiber Corp	WPND622	Jacksonville, FL	38GHz	1
212	Winstar Wireless Fiber Corp	WPND623	Louisville KY	38GHz	1
213	Winstar Wireless Fiber Corp	WPND624	Minneapolis MN	38GHz	1
214	Winstar Wireless Fiber Corp	WPND671	Canton OH	38GHz	1
215	Winstar Wireless Fiber Corp	WPND761	San Jose CA	38GHz	1
216	Winstar Wireless Fiber Corp	WPND762	El Paso TX	38GHz	1
217	Winstar Wireless Fiber Corp	WPND763	W Palm Beach FL	38GHz	1
218	Winstar Wireless Fiber Corp	WPND764	Grand Rapids MI	38GHz	1
219	No Wire LLC	WPND768	Green Bay WI	38GHz	1
220	No Wire LLC	WPND769	Burlington VT	38GHz	1
221	Winstar Wireless Fiber Corp	WPND825	Syracuse NY	38GHz	1
222	Winstar Wireless Fiber Corp	WPND830	Miami FL	38GHz	1
223	Winstar Wireless Fiber Corp	WPND837	Houston, TX	38GHz	1
224	No Wire LLC	WPNE214	Wichita KS	38GHz	1
225	Winstar Wireless Fiber Corp	WPNE226	Ft Wayne IN	38GHz	1
226	WWI License Holding, Inc	WPNE229	Beaumont, TX	38GHz	1
227	Winstar Wireless Fiber Corp	WPNE234	Rochester, NY	38GHz	1
228	Winstar Wireless Fiber Corp	WPNE250	Bellingham WA	38GHz	1
229	No Wire LLC	WPNE259	Waco, TX	38GHz	1
230	Winstar Wireless Fiber Corp	WPNE363	Peoria IL	38GHz	1
231	WWI License Holding, Inc	WPNE398	Mobile, AL	38GHz	1
232	WWI License Holding, Inc	WPNE399	Las Vegas, NV	38GHz	1
233	WWI License Holding, Inc	WPNE400	Honolulu, HI	38GHz	1
234	WWI License Holding, Inc	WPNE401	Ft Collins/Loveland CO	38GHz	1

235	Winstar Wireless Fiber Corp	WPNE686	Charleston SC	38GHz	1
236	No Wire LLC	WPNE687	Springfield MO	38GHz	1
237	No Wire, LLC	WPNE688	Birmingham, AL	38GHz	1
238	Winstar Wireless Fiber Corp	WPNE693	Richmond, VA	38GHz	50 MHz
239	Winstar Wireless Fiber Corp	WPNE742	Knoxville, TN	38GHz	50MHz
240	Winstar Wireless Fiber Corp	WPNE756	San Juan PR	38GHz	1
241	Winstar Wireless Fiber Corp	WPNE759	St Louis MO	38GHz	1
242	Winstar Wireless Fiber Corp	WPNE961	Chicago, IL	38GHz	1
243	Winstar Wireless Fiber Corp	WPNE963	Charlotte NC	38GHz	1
244	Winstar Wireless Fiber Corp	WPNE964	Memphis, TN	38GHz	1
245	Winstar Wireless Fiber Corp	WPNE989	Tucson AZ	38GHz	50 MHz
246	Winstar Wireless Fiber Corp	WPNE993	St Louis MO	38GHz	1
247	Winstar Wireless Fiber Corp	WPNE994	Memphis TN	38GHz	1
248	Winstar Wireless Fiber Corp	WPNE243	Tucson AZ	38GHz	50 MHz
249	Winstar Wireless Fiber Corp	WPNE246	Manchester NH	38GHz	1
250	Winstar Wireless Fiber Corp	WPNE238	San Antonio TX	38GHz	1
251	Winstar Wireless Fiber Corp	WPNE286	Las Vegas NV	38GHz	1 total (2 x 50 MHz)
252	Winstar Wireless Fiber Corp	WPNG289	San Antonio, TX	38GHz	50 MHz
253	Winstar Wireless Fiber Corp	WPNG291	Tampa, FL	38GHz	1
254	Winstar Wireless Fiber Corp	WPNG293	San Antonio, TX	38GHz	1
255	Winstar Wireless Fiber Corp	WPNG309	Nashville TN	38GHz	1
256	Winstar Wireless Fiber Corp	WPNG360	Nashville, TN	38GHz	1
257	Winstar Wireless Fiber Corp	WPNG361	Orlando FL	38GHz	1
258	Winstar Wireless Fiber Corp	WPNG362	Orlando FL	38GHz	1
259	Winstar Wireless Fiber Corp	WPNG363	Kansas City, MO	38GHz	1
260	Winstar Wireless Fiber Corp	WPNG364	Indianapolis IN	38GHz	1
261	Winstar Wireless Fiber Corp	WPNG365	Minneapolis MN	38GHz	1
262	Winstar Wireless Fiber Corp	WPNG368	Denver CO	38GHz	1
263	Winstar Wireless Fiber Corp	WPNG369	Phoenix, AZ	38GHz	1
264	Winstar Wireless Fiber Corp	WPNG374	Knoxville TN	38GHz	1
265	Winstar Wireless Fiber Corp	WPNG375	Memphis TN	38GHz	1
266	Winstar Wireless Fiber Corp	WPNG376	Little Rock AR	38GHz	1
267	Winstar Wireless Fiber Corp	WPNG377	Indianapolis, IN	38GHz	1
268	Winstar Wireless Fiber Corp	WPNG378	San Juan, PR	38GHz	1

269	Winstar Wireless Fiber Corp	WPNQ179	Oklahoma City, OK	38GHz	1
270	Winstar Wireless Fiber Corp	WPNQ382	San Juan, PR	38GHz	1 total (2 x 50 MHz)
271	Winstar Wireless Fiber Corp	WPNQ384	Las Vegas, NV	38GHz	1 total (2 x 50 MHz)
272	Winstar Wireless Fiber Corp	WPNQ390	San Juan, PR	38GHz	1 total (2 x 50 MHz)
273	Winstar Wireless Fiber Corp	WPNQ400	Knoxville, TN	38GHz	30MHz
274	Winstar Wireless Fiber Corp	WPNQ951	Richmond, VA	38GHz	50 MHz
275	Winstar Wireless Fiber Corp	WPNH422	Honolulu, HI	38GHz	1
276	Winstar Wireless Fiber Corp	WPNH554	Beaumont, TX	38GHz	1
277	Winstar Wireless Fiber Corp	WPNH842	San Juan, PR	38GHz	1
278	Winstar Wireless Fiber Corp	WPN1212	New Bedford, MA	38GHz	1
279	Winstar Wireless Fiber Corp	WPN1214	Louisville, KY	38GHz	1
280	Winstar Wireless Fiber Corp	WPN1216	New Orleans, LA	38GHz	1
281	WWI License Holding, Inc.	WPN1218	Colorado Springs, CO	38GHz	1
282	WWI License Holding, Inc.	WPN1232	El Paso, TX	38GHz	1
283	Winstar Wireless Fiber Corp	WPN1236	Tacoma, WA	38GHz	1
284	Winstar Wireless Fiber Corp	WPN1238	Akron, OH	38GHz	1
285	WWI License Holding, Inc.	WPN1271	Fort Lauderdale, FL	38GHz	1
286	Winstar Wireless Fiber Corp	WPN1835	Jackson, MS	38GHz	1
287	Winstar Wireless Fiber Corp	WPN1838	Raleigh, Durham, NC	38GHz	1
288	Winstar Wireless Fiber Corp	WPNL601	Pensacola, FL	38GHz	1
289	Winstar Wireless Fiber Corp	WPNL602	Shreveport, LA	38GHz	1
290	Winstar Wireless Fiber Corp	WPNL613	Louisville, KY	38GHz	1
291	Winstar Wireless Fiber Corp	WPNL623	Harrisburg, PA	38GHz	1
292	No Wire, LLC	WPNH812	Austin, TX	38GHz	1
293	Winstar Wireless Fiber Corp	WPNH875	San Jose, CA	38GHz	1
294	Winstar Wireless Fiber Corp	WPNH880	Dallas, TX	38GHz	2
295	Winstar Wireless Fiber Corp	WPNH881	Atlanta, GA	38GHz	3
296	Winstar Wireless Fiber Corp	WPNH885	Kansas City, MO	38GHz	1
297	Winstar Wireless Fiber Corp	WPNH886	Grand Island, NE	38GHz	1
298	Winstar Wireless Fiber Corp	WPNH887	Marshall, MO	38GHz	1
299	Winstar Wireless Fiber Corp	WPNH888	Lincoln, NE	38GHz	1
300	Winstar Wireless Fiber Corp	WPNH889	Norfolk, VA	38GHz	1
301	Winstar Wireless Fiber Corp	WPNH890	Norfolk, VA	38GHz	1

302	WinStar Wireless Fiber Corp	WPOP591	Oceanside, CA	38GHz	1
303	WinStar Wireless Fiber Corp	WPOP592	Lacrosse, LA	38GHz	1
304	WinStar Wireless Fiber Corp	WPOP593	Kansas City MO	38GHz	1
305	WinStar Wireless Fiber Corp	WPOP594	Armonk NY	38GHz	1
306	WinStar Wireless Fiber Corp	WPOP595	Biloxi MS	38GHz	1
307	WinStar Wireless Fiber Corp	WPOP596	Brownsville TX	38GHz	1
308	WinStar Wireless Fiber Corp	WPOP597	Chattanooga TN	38GHz	1
309	WinStar Wireless Fiber Corp	WPOP598	Huntsville AL	38GHz	1
310	WinStar Wireless Fiber Corp	WPOP599	Salinas, CA	38GHz	50 MHz
311	WinStar Wireless Fiber Corp	WPOP600	Raleigh NC	38GHz	1
312	WinStar Wireless Fiber Corp	WPOP601	Tallahassee FL	38GHz	1
313	WinStar Wireless Fiber Corp	WPOP602	White Plains NY	38GHz	1
314	WinStar Wireless Fiber Corp	WPOU595	Ft Wayne, IN	38GHz	1
315	WinStar Wireless Fiber Corp	WPOV372	Victorville, CA	38GHz	50 MHz

2 Summary of 28 GHz License Holdings

Licensee	Call Sign	Service Area	Block
WinStar LMDS, LLC	WPOH 637	American Samoa	B
WinStar LMDS, LLC	WPOH 628	Chico Oroville, CA	B
WinStar LMDS, LLC	WPOH 635	Fairbanks AK	B
WinStar LMDS, LLC	WPOH 626	Fresno CA	A
WinStar LMDS, LLC	WPOH 629	Greensboro, NC	A
WinStar LMDS, LLC	WPOH 623	Ithaca NY	B
WinStar LMDS, LLC	WPOH 636	Juncos, AK	B
WinStar LMDS, LLC	WPOH 627	Madison CA	A
WinStar LMDS, LLC	WPOH 631	New Orleans LA	A
WinStar Wireless Fiber Corp	WFOI 485 ¹	New York City PMSA, NY	27.5-28.35 GHz
WinStar LMDS, LLC	WPOH 632	Norfolk, VA	A

¹ This license covers the New York City Primary Metropolitan Statistical Area. WinStar acquired 850 MHz of spectrum from the original licensee, Cellularvision, in the fall of 1998. The original license was partitioned.

WinStar LMDS, LLC	WPOH 630	Orlando FL	A
WinStar LMDS, LLC	WPOH 634	Provo Orem, UT	A
WinStar LMDS, LLC	WPOH 625	Sterameno CA	B
WinStar LMDS, LLC	WPOH 633	Salt Lake City UT	A
WinStar LMDS, LLC	WPOH 624	San Francisco Oakland	A
		San Jose CA	

Notes

Block A Spectrum is 27.5-28.35 GHz, paired with 29.1-29.25 GHz. This block also includes 31.075-31.225 GHz
 Block B Spectrum is 31.0-31.075 GHz paired with 31.225-31.3 GHz

3 WinStar also operates a number of point to point microwave facilities (i.e. links) in bands other than the 38 GHz and 28 GHz bands, including in the 10 GHz and 18 GHz bands. No individual such facility is material to Consolidated Group

4 Section 101.17 of the FCC's rules provides that 38 GHz licenses must demonstrate substantial service at the time of license renewal. Although the FCC did not adopt specific buildout criteria for 38 GHz licenses, it has stated that buildout of four wireless point to point links per million population would constitute substantial service for a traditional point to point licensee. However, WinStar's business plan is not that of a traditional point to point licensee. WinStar has made and is continuing to make substantial investment in developing a national telecommunications business and infrastructure. We believe a national investment and our ongoing operations are sufficient to demonstrate substantial service for all our 38 GHz licenses. As a result, we expect that our 38 GHz licenses will be renewed by the FCC, but we cannot be certain of that conclusion.

• On February 10, 1998, the FCC granted additional channels for the following WinStar 38 GHz licenses: Atlanta (Call Sign WPOP581) Buffalo (WMN322), Cincinnati (WMN324), Dallas (WPOP580), Houston (WMN329), Miami (WMN332), New York (WMN337), St. Louis (WMN344), Seattle (WMN318), Spokane (WMN343), and Tampa (WMN346). On March 12, 1998, several parties filed petitions for reconsideration of each of these grants, with the exception of the Seattle grant. On October 22, 1999, the FCC denied some of the petitions for reconsideration and affirmed the grants.² Parties have filed an application for review requesting that the FCC reconsider the grants. WinStar filed an opposition to this application. In addition, on March 9, 1998, several parties filed petitions for reconsideration of the 38 GHz Order alleging, among other things, that the February 10, 1998, license grant to WinStar was in violation of the Commission's processing rules. WinStar filed a consolidated opposition to these petitions. The FCC denied these petitions on August 23, 1999. However, several parties have filed petitions for review in the U.S. Court of Appeals for the D.C. Circuit.

² One petition for reconsideration remains pending.

- On December 29, 1999, the FCC granted in part five Winstar applications requesting additional channels in the following areas: Baltimore (WMN320), New York (WMN335 & WMN336), Philadelphia (WMN338), and Washington, D.C. (WMN347). On January 24, 2000, several parties filed petitions for reconsideration of each of these grants. Winstar filed an opposition to these petitions which remains pending.
- In addition, on March 15, 2000, the FCC granted in whole or in part twelve Winstar applications for additional channel pairs in San Diego (WMN341), Milwaukee (WMN333), Kansas City (WMN330), Cleveland (WMN325), Detroit (WMN328), Tacoma (WMN345), Phoenix (WMN339), Boston (WMN321), Minneapolis (WMN334), Denver (WMN327), Pittsburgh (WMN340), and Chicago (WMN323). These channel grants were conditioned by the Commission on the final outcome of the pending proceedings described in the above two paragraphs. On March 15, 2000, the FCC also granted Winstar a channel pair in Santa Rosa, California (WPOM875). Grant of this application was conditioned on the outcome of a pending petition for reconsideration.
- On October 23, 1997, DCT Communications, Inc. filed a petition for reconsideration seeking revocation of Winstar's license in Ft. Lauderdale, Florida (WPN1271). On January 21, 1999, the Commission released an order denying DCT's petition for reconsideration. In response, DCT filed an application for review which Winstar opposed. The Commission denied the application for review on February 22, 2000, however, DCT has requested that the FCC reconsider its decision.

Schedule 3 13B – Adverse Events Affecting Licenses

- Section 101.17 of the FCC's rules provides that 38 GHz licenses must demonstrate substantial service at the time of license renewal. Although the FCC did not adopt specific buildout criteria for 38 GHz licenses, it has since that buildout to point links per million population would constitute substantial service for a traditional point-to-point license. However, Winstar's business plan is not that of a traditional point-to-point licensee. Winstar has made and is continuing to make substantial investment in developing a national telecommunications business and infrastructure. We believe a national investment and our ongoing operations are sufficient to demonstrate substantial service for all our 38 GHz licenses. As a result, we expect that our 38 GHz licenses will be renewed by the FCC, but we cannot be certain of that conclusion.
- On February 10, 1998, the FCC granted additional channels for the following Winstar 38 GHz licenses: Atlanta (Call Sign WPOP581), Buffalo (WMN322), Cincinnati (WMN324), Dallas (WPOP580), Houston (WMN329), Miami (WMN332), New York (WMN337), St. Louis (WMN344), Seattle (WMN318), Spokane (WMN343), and Tampa (WMN346). On March 12, 1998, several parties filed petitions for reconsideration of each of these grants, with the exception of the Seattle grant. On October 22, 1999, the FCC denied some of the petitions for reconsideration and affirmed the grants.³ Parties have filed an application for review requesting that the FCC reconsider the grants. Winstar filed an opposition to this application. In addition, on March 9, 1998, several parties filed petitions for reconsideration of the 38 GHz Order, alleging among other things that the February 10, 1998 license grant to Winstar was in violation of the Commission's processing rules. Winstar filed a consolidated opposition to these petitions. The FCC denied these petitions on August 23, 1999. However, several parties have filed petitions for review in the U.S. Court of Appeals for the D.C. Circuit.
- On December 29, 1999, the FCC granted in part five Winstar applications requesting additional channels in the following areas: Baltimore (WMN320), New York (WMN335 & WMN336), Philadelphia (WMN338), and Washington, D.C. (WMN347). On January 24, 2000, several parties filed petitions for reconsideration of each of these grants. Winstar filed an opposition to these petitions, which remains pending.
- In addition, on March 15, 2000, the FCC granted in whole or in part twelve Winstar applications for additional channel pairs in San Diego (WMN341), Milwaukee (WMN333), Kansas City (WMN330), Cleveland (WMN325), Detroit (WMN328), Tacoma (WMN345), Phoenix (WMN339), Boston (WMN321), Minneapolis (WMN334), Denver (WMN327), Pittsburgh (WMN340), and Chicago (WMN323). These channel grants were conditioned by the Commission on the final outcome of the pending proceedings described in the above two paragraphs. On March 15, 2000, the FCC also granted Winstar a channel pair in Santa Rosa, California (WFO875). Grant of this application was conditioned on the outcome of a pending petition for reconsideration.
- On October 23, 1997, DCT Communications, Inc. filed a petition for reconsideration seeking revocation of Winstar's license in Ft. Lauderdale, Florida (WPN1271). On January 21, 1999, the Commission released an order denying DCT's petition for reconsideration. In response, DCT filed an application for review, which Winstar opposed. The Commission denied the application for review on February 22, 2000, however, DCT has requested that the FCC reconsider its decision.
- Winstar operates a number of point-to-point microwave facilities (i.e., links) in the 17.7-19.7 GHz (18 GHz) band. In an ongoing proceeding, the FCC has proposed the relocation of a number of these facilities to accommodate satellite services. However, the FCC has proposed that relocated microwave operators should receive compensation for such relocation. A final FCC Order in this proceeding is expected later this year.

³ One petition for reconsideration remains pending.

Schedule J 14 - Investments

- 1 Investment by Consolidated Group Members in their respective Subsidiaries including Unrestimated Subsidiaries
- 2 See the following

Name of Entity	Security Held	No Shares/CSEs	Amount of Investment (\$)	Percent of Common Owned (fully diluted)	Owed by
Aenid	Convertible Preferred	7467 290	\$1 000 000	1 10	WIVI
Commerce Inc	Convertible Preferred	72 400 000	\$3 000 000	6 55	WIVI
Digital Works	Convertible Preferred	71 19 617	\$1 000 000	0 43	WIVI
Equity Broadcast Corp	Convertible Preferred	7343 665	\$3 470 000	5 77	WBC
Frontline Capital Group	Common	63 492	\$3 000 000	0 23	WCII
ICNT, Inc (Internet Connect)	Convertible Preferred	386 769/386 769	\$3 000 000	1 10	WCII
Jobs.com	Convertible Preferred	7300 000	\$1 000 000	0 77	WIVI
KDD Winstar	Common	70	\$1 000 000	35 00	WII
Media on Demand	Convertible Preferred	193 050	\$1 000 000	1 60	WCII
Next Century Media	Note	n/a	\$ 500 000	n/a	WCII(1)
RTS Software Ltd	Warrants	50 000			WCII(1)
Sundbox, Inc	Convertible Preferred	7396 825	\$2 000 000	2 11	WIVI
Total Sports	Convertible Preferred	7575 373	\$3 000 000	5 43	WIVI
Unapix	Convertible Preferred	7200 000	\$ 450 000	1 96	WIVI
WamNet, Inc	Convertible Preferred	85 000/16 472 868	\$85 000 000	16 50	WCII

Legend	Notes
WCII - Winstar Communications, Inc	(1) Originally issued to Winstar Multichannel LLC, which merged into WCII on 12/31/99
WVI - Winstar Wireless, Inc	
WVI - Winstar Interactive Ventures I, Inc	
WII - Winstar International, Inc	
WBC - Winstar Broadcasting Corp	

Schedule 4.01 – Post Restructuring Parent Subsidiaries

The shares of common stock of Winslar Wireless Inc. currently held by the Parent will not be contributed to the Borrower as of the Effective Date. Such shares will be contributed to the Borrower by the Parent at such time as such transfer is approved by the state public utility commissions in each state where such approval is required.

The shares of capital stock of each of the following Subsidiaries of the Parent, all of which are Unrestricted Subsidiaries and all of which are organized outside of the United States, will be contributed to the Borrower promptly following the Effective Date.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Winslar Columbia Ltd.	Columbia
Winslar Holdings BV	The Netherlands
Winslar Communications of Canada Inc.	Canada

Schedule G 01 - Existing Indebtedness

<u>Lender/Lessor</u>	<u>Borrower/Lessee</u>	<u>Amount (\$)</u>	<u>Nature of Assets Financed</u>
ACC	WWI	333 K	Major vehicles
AT&T	WWI	10.2 mil	Seattle and Tampa switches
BankBoston	WWI	4.3 mil	San Francisco switch
BankBoston	WWI	3.0 mil	Major vehicles
The Bank of New York	WWI	7.3 mil	Denver and Minneapolis switches
Centigram	WWI	1.0 mil	Telephones and other misc equipment
Finova	WWI	2.0 mil	NYC switch
GECC	WWI	179K	Computer equipment
GMAC	WWI	867 K	Major vehicles
GTE Lease	WWI	53 K	Miscellaneous equipment
Line Leasing	WWI	137 K	Computer and ACD system
Mallory US Leasing	WWI	1.0 mil	LA switch
ML Investors	WWI	230 K	Wireless radios
Newcourt Comm'l Finance	WWI	13.9 mil	Fractional interest in corporate jet
Prime Leasing	WWI	1.9 mil	Chicago switch (1)
Transamerica	WWI	4.7 mil	Wireless radios
Transamerica	WWI	4.3 mil	Kuwait City Switch, 38 GHz radios
WASCO	WWI	4.2 mil	Columbus switch
WASCO	WWI	3.5 mil	Furniture and office equipment at 683 3 rd Ave, NYC
Imperial Business Credit	WWI	8 K	Lease of Servers (3)
Sunrise Leasing Corporation	WWI	n/a	Operating Lease of Internet network equipment (3)
Cisco Systems	WWI	n/a	Operating Lease of Routers (3)
Williams Communications	WWI	247.6 mil (2)	Fiber IRU
Metromedia Fiber Networks	WWI	108.0 mil (2)	Fiber IRU
AT&T	WWI	9.0 mil (2)	Fiber IRU
Electric Lightwave	WWI	1.9 mil (2)	Fiber IRU

<u>Legend</u>	<u>Notes</u>
WWI - Winstar Wireless, Inc (for itself or as successor by merger to Winstar Telecommunications Inc on 3/31/98)	(1) Refers to Winstar's Chicago switch, not the Chicago switch acquired by WSAC from US One
	(2) Includes future additions to current Capital Lease Obligations pursuant to current binding agreements. Excludes maintenance expenses and imputed interest/financing costs
	(3) Indebtedness of ISP Networks, Inc. an Internet Service Provider, which was acquired by WWI in December 1999

Schedule 603 - Existing Liens

- 1 Purchases money liens and liens securing Capital Lease Obligations described on Schedule 601
 2 Information UCC filings by Cisco Systems and Sunrise Capital in connection with leases of computer equipment to ISP Networks Inc which was acquired
 3 in December 1999
 4 Liens in favor of United States Trust Company of New York Inc as collateral agent securing Old Bond Debt of Winstar Equipment Corp ('WEC') in the
 5 amount of \$323,000. This indebtedness is being serviced by WEC and the liens on WEC's assets securing this debt will, pursuant to the terms of the
 6 indenture under which such debt was issued, be released 123 days following deposit of funds with U.S. Trust
 7 UCC-1 on file in favor of Davis Commercial Credit covering de minimis amount of computer equipment. There is no current debt associated with this filing
 8 UCC-1 on file in favor of IBM Leasing filed against Winstar Equipment Corp covering de minimis amount of computer equipment
 9 The following liens

Jurisdiction	Amount (\$)	Nature of Lien
State of Utah	3,589	sales taxes
Fairfax County VA	8,600	Judgement
NY State	14,946	Taxes
State of Texas	less than \$10,000*	Taxes

* The exact amount of this lien could not be read from the lien search results as a result of the poor copy quality however it could be determined that the amount was less than \$10,000

Schedule 6.13 - Customer Premises Collateral

All items covered by Schedule C 1 to the Supply Agreement

Exhibit A

[The main body of the page contains extremely faint, illegible text that appears to be a large block of information, possibly a list or a table. The text is too light to transcribe accurately.]

10/10/2006

EXHIBIT A

[Form of]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of May 4 2000 (as amended and in effect on the date hereof, the "Credit Agreement"), among WVF-I LLC, any additional Borrowers party thereto Winstar Communications, Inc , the lenders party thereto, The Bank-of New York, as collateral agent and Lucent Technologies Inc as administrative agent for the Lenders (in such capacity, the "Administrative Agent") Terms defined in the Credit Agreement are used herein with the same meanings

1 The Assignor hereby sells and assigns, without recourse to the Assignee, and the Assignee hereby purchases and assumes without recourse from the Assignor effective as of the Assignment Date set forth below the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement and the other Loan Documents, including without limitation, the amounts set forth below of (i) the Commitments of the Assignor on the Assignment Date and (ii) the Loans owing to the Assignor which are outstanding on the Assignment Date If a Commitment is assigned hereby, such assigned Commitment [is/is not] a Fronting Commitment The Assignee hereby acknowledges receipt of a copy of the Credit Agreement From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the Loan Documents and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement¹

2 This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any forms of the type described in Section 2.15(e) of the Credit Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire and (iii) a processing and recordation fee of \$3,500

¹ If the assignment is an Exempt Assignment, add limitations regarding voting rights

2

3 This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York

Date of Assignment

Legal Name of Assignor

Legal Name of Assignee

Assignee's Address for Notices

Effective Date of Assignment
("Assignment Date")

Principal Amount
of outstanding
Loans Assigned

Amount of
Commitment Assigned

\$

\$

The terms set forth above are
hereby agreed to

Accepted */

_____ as Assignor

LUCENT TECHNOLOGIES INC ,
as Administrative Agent

by _____
Name
Title

by _____
Name
Title

_____ as Assignee

[BORROWERS]

by _____
Name
Title

by _____
Name
Title

*/ To be completed to the extent consents are
required under Section 9.04(b) of the Credit Agreement

EXHIBIT B

WINSTAR COMMUNICATIONS INC

\$2 000 000,000 Aggregate Principal Amount of

Senior Notes Due 2010

CONVERSION AGREEMENT

[], 2000

Lucent Technologies Inc
600 Mountain Avenue
Murray Hill, New Jersey 07974

Ladies and Gentlemen

Reference is made to the Credit Agreement dated as of May 4, 2000 (as amended supplemented or otherwise modified from time to time, the "Credit Agreement") by and among WVF-I LLC, a Delaware limited liability company any Replacement Borrower (as defined in the Credit Agreement) from time to time party thereto, Winstar Communications Inc, a Delaware corporation (the "Company") the lenders party thereto, The Bank of New York, as collateral agent, and Lucent Technologies Inc ("Lucent"), as administrative agent thereunder. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Credit Agreement or if not defined therein, in the Conversion Indenture referred to in the Credit Agreement.

The Credit Agreement provides that, during any Refinancing Period, Lucent may elect in its sole discretion to convert outstanding Lucent Loans, at any time in whole or from time to time in part, into Conversion Notes issued by the Company under the Conversion Indenture. The Credit Agreement also requires that, on and after the earlier of (A) the date on which the aggregate principal amount (on a cumulative basis) of Loans borrowed under the Credit Agreement equals or exceeds \$250,000,000 and (B) September 30, 2000, the Company will maintain in effect one or more registration statements under the Securities Act registering the offer and sale of Conversion Notes, such that at all times the aggregate principal amount of Conversion Notes covered by such effective registration statement or registration statements equals or exceeds the aggregate principal amount of outstanding Lucent Loans. The Company and Lucent are entering into this Agreement in order to set forth certain agreements of the Company with respect

to the registration of Conversion Notes under the Securities Act and the issuance offering and sale thereof

1 Registration of the Conversion Notes

(1) The Company covenants and agrees with Lucent that, on and after the earlier of (A) the date on which the aggregate principal amount (on a cumulative basis) of Loans borrowed under the Credit Agreement equals or exceeds \$250,000,000 and (B) September 30, 2000, the Company will maintain in effect one or more registration statements under the Securities Act registering the offer and sale of all of the Conversion Notes that may be issued pursuant to the Conversion Indenture, such that at all times the aggregate principal amount of Conversion Notes covered by such effective registration statement or registration statements equals or exceeds the aggregate principal amount of outstanding Lucent Loans

(11) The Company covenants and agrees with Lucent that the Company will promptly (A) advise Lucent of the status of the filing of the registration statements referred to in subparagraph (1) of this Section 1 with the Securities and Exchange Commission ("Commission"), and respond to requests by Lucent for information regarding the status of such filing, (B) provide Lucent with drafts of such registration statements in such number as Lucent may reasonably request and provide Lucent a reasonable opportunity to comment on such drafts, (C) notify Lucent when such registration statements have been filed with the Commission and provide Lucent with copies of such registration statements as filed with the Commission in such number as Lucent may reasonably request, (D) provide Lucent with copies of all correspondence with the Commission with respect to such registration statements (E) notify Lucent when the Commission has declared such registration statements effective and (F) deliver to Lucent copies of such effective registration statements in such number as Lucent may reasonably request

2 Representations and Warranties of the Company

The Company represents and warrants to, and agrees with, Lucent as of the date hereof and as of each Conversion Date as follows (provided that the representations and warranties set forth in subparagraphs (i), (iii), (vi) (vii), (x) (A) (xi), (xii), (xiii), (xiv), (xv), (xvi),

(xviii), (xix) (xx), (xxi) (xxii) and (xxiii) of this Section 2 shall be given only as of each Conversion Date and not as of the date hereof)

(i) A registration statement, including a prospectus, relating to the Conversion Notes has been filed with the Commission and has become effective. Such registration statement, and each other registration statement relating to the Conversion Notes that is filed with the Commission, is hereinafter referred to as a "Registration Statement", and the prospectus included in any such Registration Statement, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("Rule 424(b)") under the Securities Act, including all material incorporated by reference therein, is hereinafter referred to as a "Prospectus". No document has been or will be prepared or distributed in reliance on Rule 434 under the Securities Act.

(ii) On the effective date of each Registration Statement such Registration Statement and the Prospectus forming part thereof, including all amendments and supplements thereto, complied in all respects with the requirements of the Securities Act and the rules and regulations of the Commission (the "Rules and Regulations") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and on each Delivery Date (as defined in Section 3(b)) each Registration Statement and Prospectus (and any amendment or supplement thereto) relating to the Conversion Notes then being delivered (each such Registration Statement, a "Relevant Registration Statement" and each such Prospectus, a "Relevant Prospectus") will, in the case of each such Relevant Registration Statement, be effective and, in the case of each such Relevant Registration Statement and Relevant Prospectus, will comply in all respects with the requirements of the Securities Act and the Rules and Regulations, and none of such documents will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, provided that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information concerning Lucent or any other Person that has acquired

Conversion Notes for distribution (an "Other Person") furnished in writing by or on behalf of Lucent or any Other Person to the Company expressly for use in each Relevant Registration Statement and each Relevant Prospectus (or any amendment or supplement thereto)

(iii) The Company is not now, nor immediately after the issuance of any Conversion Notes will be, an "investment company" or a company "controlled by" an "investment company" within the meaning of the Investment Company Act of 1940, as amended

(iv) Each subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation has corporate power and authority to own lease and operate its properties and to conduct its business as described in each Relevant Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to be in good standing or to so qualify would not have singly or in the aggregate, a Material Adverse Effect (as hereinafter defined)

(v) All of the issued and outstanding capital stock of the Company has been duly authorized and validly issued and is fully paid and nonassessable and conforms in all material respects to the description therein in each Relevant Prospectus

(vi) Except as disclosed in each Relevant Prospectus (A) since the date of the latest audited financial statements included in each Relevant Prospectus, there has been no material adverse change in the condition, financial or otherwise, or in the results of operations or business of the Company, and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Change"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the condition, financial or otherwise or to the results of operations or business of the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared paid or made by the Company on any class

of its capital stock, except for regular quarterly dividends

(vii) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation with corporate power and authority to own lease and operate its properties and to conduct its business as described in each Relevant Prospectus and to enter into and perform its obligations under this Agreement and the Conversion Indenture, and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required whether by reason of the ownership or leasing of property or the conduct of business except where the failure to be in good standing or to so qualify would not have a material adverse effect on the condition, financial or otherwise, or on the results of operations or business of the Company and its subsidiaries considered as one enterprise (a "Material Adverse Effect")

(viii) The Company has the corporate power and authority to enter into and perform its obligations under this Agreement the Conversion Indenture and the Conversion Notes and to issue the Conversion Notes This Agreement has been duly authorized, executed and delivered by the Company

(ix) The Conversion Notes and the Conversion Indenture have been duly authorized by the Company The Conversion Indenture (assuming due execution by the Trustee) constitutes a legal valid and binding obligation of the Company and the Conversion Notes will, when authenticated issued and delivered in the manner provided for in the Conversion Indenture constitute legal valid and binding obligations of the Company entitled to the benefits of the Conversion Indenture and enforceable in each case, against the Company in accordance with their terms subject to applicable bankruptcy, insolvency, fraudulent conveyance reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding in equity or at law), and except that rights to indemnity and contribution may be limited by federal and state securities laws and by public policy considerations The Conversion Notes and the Conversion Indenture

conform in all material respects to the description thereof contained in each Relevant Prospectus

(x) (A) Except as described in each Relevant Prospectus neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation agreement covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject, the effect of which violation or default in performance or observance, singly or in the aggregate, would have a Material Adverse Effect,

(B) The execution delivery and performance of this Agreement, the Conversion Indenture and the Conversion Notes, the issuance of the Conversion Notes and the consummation of the transactions contemplated herein and therein have been duly authorized by all necessary corporate action on the part of the Company and its subsidiaries and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any contract, indenture, mortgage loan agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject or violate any applicable law, administrative regulation or administrative or court decree, in each case the effect of which conflict, breach, default lien, charge, encumbrance or violation, singly or in the aggregate, would have a Material Adverse Effect nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries

(x1) Except as described in each Relevant Prospectus, there are no pending actions, suits or proceedings against or affecting the Company, any of its subsidiaries or any of their respective properties that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or to materially and adversely affect the ability of the Company to perform its obligations under the Conversion Indenture or this Agreement, or which are otherwise

material in the context of the sale of the Conversion Notes and, to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated

(xii) Except as described in each Relevant Prospectus, the Company and its subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect

(xiii) No authorization, approval or consent of or filing with, any court or governmental authority or agency is necessary or required in connection with the issuance by the Company of the Conversion Notes, except (A) those already obtained or made under the Securities Act and the Trust Indenture Act of 1939 ("Trust Indenture Act"), and (B) such as may be required under state securities or Blue Sky laws and the securities laws of foreign jurisdictions

(xiv) Except as described in each Relevant Prospectus the Company and its subsidiaries own possess or can acquire on reasonable terms, adequate trademarks trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "intellectual property rights") necessary to conduct the business as now operated by them or used in the conduct of the business as now operated by them, except to the extent that the failure to own or possess or the inability to acquire such intellectual property rights would not individually or in the aggregate have a Material Adverse Effect, and the Company has not received any notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company or any of its subsidiaries would individually or in the aggregate have a Material Adverse Effect

(xv) The accountants who certified the financial statements and supporting schedules included in each Relevant Registration Statement and each Relevant Prospectus are independent public accountants as

required by the Securities Act and the Rules and Regulations

(xvi) The financial statements, including the notes thereto, included in each Relevant Registration Statement and each Relevant Prospectus present fairly in all material respects the consolidated financial position of the Company and its subsidiaries and of the Company's predecessors as of the dates indicated and the results of their operations and cash flows for the periods specified, except as otherwise specifically stated in each Relevant Prospectus, said financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis, any schedules included in any Relevant Registration Statement present fairly the information required to be stated therein and if pro forma financial statements are included in any Relevant Registration Statement or any Relevant Prospectus the assumptions used in preparing the pro forma financial statements included in such Relevant Registration Statement or Relevant Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts

(xvii) The Conversion Indenture conforms in all material respects with the requirements of the Trust Indenture Act applicable to indentures to be qualified thereunder

(xviii) Except as described in each Relevant Prospectus, neither the Company nor any of its subsidiaries is in violation of any statute, rule, regulation decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or

in the aggregate have a Material Adverse Effect and the Company is not aware of any pending investigation which might lead to such a claim

(xix) Except as described in each Relevant Prospectus the Company and its subsidiaries are in compliance in all material respects with the Communications Act of 1934 (as amended by the Telecommunications Act of 1996 the "Communications Act") and with all applicable rules, regulations and policies of the Federal Communications Commission (the "FCC")

(xx) All FCC licenses held (as of the most recent date for which any financial information is included or incorporated by reference in any Relevant Prospectus) by the Company and its subsidiaries (other than experimental licenses in the 38 GHz portions of the radio spectrum and licenses granted to the Company or its subsidiaries or acquired from Local Area Telecommunications Inc that are not in the 38 GHz portion of the radio spectrum and proceedings affecting the service rules and licensing of Spectrum in the 38 GHz band) (the "Licenses") are currently valid and in full force and effect. Neither the Company nor any of its subsidiaries has any knowledge of any investigation, notice of apparent liability violation forfeiture or other order or complaint issued by or before any court or regulatory body including the FCC, or of any other proceedings (other than proceedings relating to the wireless communications industries generally and proceedings affecting the service rules and licensing of spectrum in the 38 GHz band) which could in any manner materially threaten or adversely affect the validity or continued effectiveness of any of the Licenses except as disclosed in each Relevant Prospectus

(xxi) Except as described in each Relevant Prospectus, no event has occurred which (A) results in, or after notice or lapse of time or both would result in revocation, suspension modification, non-renewal, impairment, restriction or termination of, or order of forfeiture with respect to, any License the loss of which could reasonably be expected to have a Material Adverse Effect or (B) materially and adversely affects or could reasonably be expected in the future to materially adversely affect any of the rights of the Company or any of its subsidiaries thereunder

(xxii) The Company and its subsidiaries have duly filed in a timely manner all material filings, reports

applications, documents, instruments and information required to be filed by them under the Communications Act, and all such filings are true correct and complete in all material respects

(xxiii) Neither the Company nor any of its subsidiaries has any reason to believe that any of the Licenses will not be renewed in the ordinary course

3 Issuance of the Conversion Notes, Delivery

(a) The Company agrees subject to the terms and conditions of the Credit Agreement, to issue the Conversion notes

(b) Delivery of each issuance of the Conversion Notes shall be made at the offices and on such dates and times as Lucent shall specify in the Conversion Certificates (each such date and time of delivery of the Conversion Notes, a "Delivery Date") Certificates for the Conversion Notes shall be registered in such names and in such denominations as Lucent shall specify in the Conversion Certificates Lucent shall specify in the relevant Conversion Certificate whether the issuance of the Conversion Notes will be in the form of (i) definitive, fully registered certificates or (ii) one or more Global Securities (as defined and described in the Conversion Indenture)

4 Covenants of the Company With respect to each issuance of Conversion Notes, the Company covenants and agrees with Lucent as follows

(i) The Company will advise Lucent and each Other Person (provided that the Company has been notified of such Other Person), when any Registration Statement and any amendment thereto has been filed with the Commission and when any Registration Statement or any post-effective amendment thereto has become effective

(ii) The Company will file each Relevant Prospectus with the Commission pursuant to and in accordance with Rule 424(b)(2), not later than the first business day following the delivery of the relevant Conversion Certificate

(iii) The Company will furnish to Lucent and each Other Person such number of copies of each Relevant Registration Statement and Relevant Prospectus, including all exhibits and any amendments or

supplements thereto as Lucent and each Other Person may reasonably request

(iv) The Company will not at any time make any amendment or supplement to any Relevant Registration Statement or any Relevant Prospectus of which Lucent and each Other Person (provided that the Company has been notified of such Other Person) shall not have previously been advised and furnished a copy and have had reasonable opportunity to comment on such proposed amendment or supplement, or to which Lucent or any Other Person or their respective counsel shall reasonably object, except as required by applicable law

(v) The Company will advise Lucent and each Other Person (provided that the Company has been notified of such Other Person), of the institution by the Commission of any stop order proceedings in respect of any Relevant Registration Statement or of any part thereof and will use every reasonable effort to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued

(vi) The Company will advise Lucent and each Other Person (provided that the Company has been notified of such Other Person) of any request by the Commission for amendments or supplements to any Relevant Registration Statement or any Relevant Prospectus or for additional information. Upon receipt of such notice from the Company use of each Relevant Prospectus shall be suspended until the Company has amended or supplemented each Relevant Prospectus to correct such misstatement or omission or to effect such compliance. The Company will forthwith prepare such amendment or supplement as may be necessary so that each Relevant Prospectus as so amended or supplemented, does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading and furnish to Lucent or such Other Person as applicable, such number of copies as Lucent or such Other Person as applicable, may reasonably request

(vii) If at any time prior to completion of the distribution of the Conversion Notes by Lucent or such Other Person to purchasers who are not its affiliates (as determined by Lucent, or such Other Person, as applicable) any event shall occur or condition shall exist as a result of which it is necessary, in the view of the Company or in the reasonable view of Lucent or

such Other Person, as applicable, to amend or supplement each Relevant Prospectus in order that each Relevant Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading, or if such amendment or supplement is necessary to comply with applicable law, the Company will (in a form and in substance that shall be reasonably satisfactory to Lucent, or such Other Person as applicable), forthwith prepare such amendment or supplement as may be necessary so that each Relevant Prospectus, as so amended or supplemented, does not include such untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading and furnish to Lucent or such Other Person as applicable, such number of copies as Lucent or such Other Person, as applicable, may reasonably request. The Company agrees to notify Lucent and each Other Person (provided that the Company has been notified of such Other Person) to suspend use of each Relevant Prospectus as promptly as practicable after the occurrence of an event specified in the first sentence of this paragraph (without giving effect to the reasonable view of Lucent or such Other Person, as applicable), and upon receipt of such notice from the Company use of each Relevant Prospectus shall be suspended until the Company has amended or supplemented each Relevant Prospectus to correct such misstatement or omission or to effect such compliance.

(viii) The Company will furnish to Lucent and each Other Person (provided that the Company has been notified of such Other Person) copies of any annual reports, quarterly reports and current reports filed by the Company with the Commission on Forms 10-K, 10-Q and 8-K or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the Trustee or to the holders of the Conversion Notes pursuant to the Conversion Indenture but only so long as the Company is obligated to furnish the foregoing documents pursuant to the Conversion Indenture.

(ix) The Company will use its commercially reasonable efforts in cooperation with Lucent and each Other Person to (A) permit the Conversion Notes to be eligible for clearance and settlement through the Depository, (B) provide a CUSIP number for the Conversion Notes not later than the effective date of each Relevant Registration Statement, and (C) provide

the Trustee with printed certificates for the Conversion Notes in a form eligible for deposit with the Depository

(x) The Company will endeavor, in cooperation with Lucent, each Other Person and their respective counsel to qualify the Conversion Notes for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as Lucent may reasonably designate, provided, that the Company shall not be obligated to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or to take any action that would subject the Company to general service of process in any jurisdiction where it would not be so subject at the date of this Agreement. In each jurisdiction in which the Conversion Notes have been so qualified the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date of each Relevant Prospectus. The Company shall promptly advise Lucent and each Other Person (provided that the Company has been notified of such Other Person) of the receipt by the Company of any notification with respect to (x) the suspension of the qualification or exemption from qualification of the Conversion Notes for offering or sale in any jurisdiction or (y) the institution threatening or contemplation of any proceeding for such purpose

(xi) Prior to the termination of the Commitments and the repayment of all outstanding Lucent Loans the Company will not without the prior written consent of Lucent, (A) amend or modify the Conversion Indenture or (B) amend or modify or redeem or defease, the Issue Date Senior Notes, or amend or modify the indenture under which the Issue Date Senior Notes were issued

(xi1) On the date hereof and on each Conversion Date, Lucent and each Other Person will receive an opinion dated as of the date hereof or the relevant Conversion Date, as the case may be, of counsel for the Company in customary form and substance and otherwise reasonably satisfactory to Lucent and each Other Person

(xi11) On each Conversion Date, Lucent and each Other Person shall receive a certificate, dated such Conversion Date, of the Chief Executive Officer or any Vice President and a principal financial or accounting

officer of the Company in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Conversion Date, and that, subsequent to the dates of the most recent financial statements in the Relevant Prospectus there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as a whole except as set forth in or contemplated by the Relevant Prospectus or as described in such certificate

(xiv) On each Conversion Date, the Company if requested with reasonable advanced notice by Lucent or any Other Person will cause its independent public accountants to provide to Lucent and any Other Person a comfort letter in customary form and covering matters of the type customarily covered in comfort letters in connection with primary underwritten offerings, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72

(xv) On each Conversion Date counsel for Lucent and each Other Person will be furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance of the Conversion Notes as contemplated herein and related proceedings, or in order to evidence the accuracy of any of the representations or warranties or the fulfillment of any of the conditions, herein contained, and all proceedings taken by the Company in connection with the issuance of the Conversion Notes and as herein contemplated shall be reasonably satisfactory in form and substance to Lucent, each Other Person and their respective counsel

(xvi) The Company will comply with all rules and regulations of the Commission to the extent and so long as they are applicable to the resale of the Conversion Notes or the Relevant Registration Statement and will make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month

period (or 90 days if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Relevant Registration Statement, which statement shall cover such 12-month period

(xvii) The Company will enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as Lucent and any Other Person shall reasonably request in order to facilitate any disposition of the Conversion Notes pursuant to any Relevant Registration Statement

(xviii) The Company will (A) make reasonably available for inspection by a representative of, and special counsel acting for, Lucent or any Other Person, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries and (B) cause the Company's officers, directors, employees, accountants and counsel to supply all relevant information reasonably requested by such representative and special counsel in connection with the Relevant Registration Statement

5 Payment of Expenses The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the filing fees with the Commission and printing of each Relevant Registration Statement and each Relevant Prospectus and of each amendment or supplement thereto and the delivery to Lucent each Other Person and their respective designees of printed copies thereof (ii) the copying of this Agreement and the Conversion Indenture, (iii) the preparation, issuance and delivery of the Conversion Notes, including capital duties, stamp duties and transfer taxes, if any payable upon issuance of any of the Conversion Notes and the fees and expenses of the Trustee, (iv) the fees and disbursements of the Company's counsel and accountants (v) the qualification of the Conversion Notes under state securities laws in accordance with the provisions of Section 4(x1), including filing fees and the reasonable fees and disbursements of counsel for Lucent and each Other Person in connection therewith, (vi) the fee of any filing for review of any offering with the National Association of Securities Dealers, Inc., (vii) all expenses and application fees incurred in connection with the application for the inclusion of the Conversion Notes for book-entry transfer by the Depository and (viii) any out-of-pocket expenses incurred by the Company on any "road show" or similar presentation to prospective purchasers of Conversion Notes

6 Indemnification and Contribution

(1) The Company will indemnify and hold harmless Lucent and each Other Person, their respective affiliates, directors and officers and each person, if any, who controls such person within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such person may become subject, under the Securities Act or the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any breach of any of the representations and warranties of the Company contained herein or any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, or any Prospectus, or any amendment or supplement thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will reimburse Lucent and each Other Person for any legal or other expenses reasonably incurred by Lucent and each Other Person in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by Lucent or any Other Person specifically for use therein, it being understood and agreed that the only such information consists of the information described as such in subsection (1) below, provided further, however, that with respect to any untrue statement or alleged untrue statement in or omission or alleged omission from any Relevant Registration Statement or any Relevant Prospectus, the indemnity agreement contained in this subsection (1) shall not inure to the benefit of Lucent or any Other Person that sold the Conversion Notes concerned to the person asserting any such losses, claims, damages or liabilities, to the extent that such sale was an initial resale by Lucent or such Other Person and any such loss, claim, damage or liability of Lucent or such Other Person results from the fact that there was not sent or given to such

person, at or prior to the written confirmation of the sale of such Conversion Notes to such person, a copy of the Relevant Prospectus if the Company had previously furnished copies thereof to Lucent or such Other Person and such Relevant Prospectus corrected such untrue statement or omission or alleged untrue statement or omission

(ii) Lucent and each Other Person will severally and not jointly indemnify and hold harmless the Company, its affiliates, directors and officers and each person, if any who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Relevant Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein, ~~of the circumstances in which they were~~ made not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by Lucent or such Other Person (as the case may be) specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by Lucent and each Other Person consists of information in the Relevant Prospectus under the caption "Plan of Distribution".

(iii) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (i) or (ii) above, notify the indemnifying party of the commencement thereof, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (i) or (ii) above. In case any such action

is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not except with the consent of the indemnified party (which consent shall not be unreasonably withheld), be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an irrevocable release of such indemnified party from all liability on any claims that are the subject matter of such action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(iv) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (i) or (ii) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (i) or (ii) above (A) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and Lucent and each Other Person on the other from the offering of the Conversion Notes or (B) if the allocation provided by clause (A) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (A) above but also the relative fault of the Company on the one hand and Lucent and each Other Person on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and

Lucent and each Other Person on the other shall be deemed to be in the same proportion as the aggregate principal amount of the Conversion Notes issued by the Company bear to the aggregate principal amount of the Conversion Notes issued to Lucent and each Other Person by the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or Lucent or each Other Person and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims damages or liabilities referred to in the first sentence of this subsection (iv) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (iv). Notwithstanding the provisions of this subsection (iv), neither Lucent nor any Other Person shall be required to contribute any amount in excess of the amount by which the aggregate principal amount of the Conversion Notes issued to it exceeds the amount of any damages which Lucent or such Other Person has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. Lucent's and each Other Person's obligations in this subsection (iv) to contribute are several in proportion to their respective purchase obligations and not joint.

(v) The obligations of the Company under this Section shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls Lucent or any Other Person within the meaning of the Securities Act or the Exchange Act, and the obligations of Lucent and each Other Person under this Section shall be in addition to any liability which such persons may otherwise have and shall extend upon the same terms and conditions, to each person, if any who controls the Company within the meaning of the Securities Act or the Exchange Act.

7 Representations, Warranties and Agreements to Survive Delivery All representations, warranties, and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of

any investigation made by or on behalf of Lucent, any Other Person or any controlling person, or by or on behalf of the Company, and shall survive delivery of and payment for the Conversion Notes

8 Notices All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to Lucent shall be directed to it at Lucent Technologies Inc., 600 Mountain Avenue, Murray Hill, New Jersey 07974, Attention Assistant Treasurer-Project Finance, fax (908) 582-3101, with a copy to Cravath, Swaine & Moore, 825 Eighth Avenue New York, New York, 10019, Attention James C. Vardell, III fax (212) 474-3700, notices to the Company shall be directed to the Company at 685 Third Avenue, New York, New York 10017 Attention Timothy R. Graham, fax (212) 584-4001, with a copy to Graubard Mollen & Miller 600 Third Avenue, New York, New York 10016, Attention David Alan Miller, fax (212) 818-8881

9 Parties This Agreement shall inure to the benefit of and be binding upon Lucent and the Company and their respective successors heirs and legal representatives. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person firm or corporation other than Lucent the Company and their respective successors, heirs and legal representatives, and the affiliates controlling persons, officers and directors referred to in Section 6 and their heirs and legal representatives, any legal or equitable rights remedy or claim under or in respect of this Agreement or any provision herein. This Agreement and all conditions and provisions hereof are intended for the sole and exclusive benefit of Lucent the Company and their respective successors heirs and legal representatives, and said affiliates controlling persons, officers and directors and their heirs and legal representatives and for the benefit of no other person, firm or corporation. Notwithstanding the foregoing, each Other Person and its successors heirs and legal representatives, and the affiliates, controlling persons, officers and directors referred to in Section 6 and their heirs and legal representatives, shall be entitled to enforce the agreements for their benefit contained in Sections 4, 5, 6 and 7 hereof against the Company as if such Other Person was a party hereto. No purchaser of Conversion Notes from Lucent or any Other Person shall be deemed to be a successor by reason merely of such purchase, unless such Person has acquired Conversion Notes for distribution.

10 Governing Law and Time This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State. Each party hereto irrevocably submits to the jurisdiction of any State or Federal court in the State of New York and irrevocably waives any objection it may now or hereafter have to the laying of venue of any action in any such court. Each party hereto expressly waives its rights to trial by jury. Specified times of day refer to New York City time.